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02-6

June 17, 2009

VIA FEDERAL EXPRESS

Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, DC 20554

Dear Sir or Madam:

I enclose for filing and consideration by the Wireline Competition Bureau a Petition for waiver of the 60 day rule governing appeals and for review of a notice of commitment adjustment issued by the Universal Services Administrative Company (USAC). This Petition is submitted under 47 C.F.R. § 1.3 and 47 C.F.R. § 722.

Any inquiries regarding this matter may be directed to me at 202-822-8282 or email dmcccloud@hobbsstraus.com.

Sincerely,

Duke McCloud
Hobbs, Straus, Dean & Walker, LLP
2120 L Street, N.W., Suite 700
Washington, DC 20037

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JUL 30 2009

FCC Mail Room

**Before the
Federal Communications Commission
Washington, D.C.**

In the Matter of:)	
)	
Request for Waiver of the 60 day Deadline)	
For Appeals in 47 C.F.R. § 54.720 by)	
)	
Shiprock Associated Schools, Inc.,)	File No. SLD 299171
Shiprock, New Mexico)	
)	CC Docket No. 02-6
Schools and Libraries Universal Service)	
Support Mechanism)	

**Petition for Waiver of the 60 day rule governing appeals and for Review of Notice of
Commitment Adjustment**

The Shiprock Associated Schools, Inc. (hereafter "Petitioner" or "SASI"), through its attorneys Hobbs, Straus, Dean & Walker, L.L.P., hereby petitions the Wireline Competition Bureau of the Federal Communications Commission (hereafter "FCC") under 47 C.F.R. § 1.3 and 47 C.F.R. § 54.722 to waive the 60 day deadline for appeals in 47 C.F.R. § 54.720 and to review the decision of the Universal Services Administrative Company, Schools and Libraries Division (hereafter "USAC") to rescind in full its funding commitment of \$1,834,062.30 to Petitioner for E-rate services for funding year 2002 (July 1, 2002 – June 30, 2003) and to recover \$1,689,474.26 disbursed to date.¹

As will be explained more fully below, the USAC sent Petitioner a Notice of Commitment Adjustment Letter dated March 13, 2009, rescinding in full USAC's funding commitment for E-rate services for funding year 2002. Petitioner did not appeal USAC's decision within the 60 day deadline for such appeals in 47 C.F.R. § 54.720. However, Petitioner believes that there are special circumstances for deviation from the 60 day rule in this case and such deviation would be in the public interest under the principles announced in *WAIT Radio v. FCC*, 418 F.2d 1153 (D.C. Cir. 1969), *cert denied* 409 U.S. 1027 (1972).

¹ At the time of its request for E-rate services for funding year 2002, Petitioner was known as Shiprock Alternative School, Inc. It has since changed its name to Shiprock Associated Schools, Inc.

Petitioner requests that the FCC notify the USAC, pursuant to 31 C.F.R. § 903.2(a)(3), to stay USAC collection and enforcement actions concerning this matter pending final resolution of this petition and appeal. Petitioner also requests that the FCC notify the USAC, pursuant to 47 C.F.R. § 1.1910(b)(3)(i), to stay USAC's Red Line Withholding of Action on Petitioner's request for E-rate services for 2009 pending final resolution of the this petition and appeal.

1. **Introductory Statement**

SASI Components. SASI consists of three schools for Indian children in the Bureau of Indian Affairs school system. These schools are not part of any state public school system; they are supported solely by Federal funds appropriated annually by Congress. All SASI facilities are owned by the Federal government. *See*, Declaration of Kami Glenn, ¶¶ 4-5, Attachment No. 1 hereto.

The SASI schools, all located on the Navajo Indian Reservation on a campus in the small town of Shiprock, New Mexico, consist of (i) Atsa'Biya azh, a K-8 elementary school serving 286 enrolled Indian children; (ii) the Northwest High School serving 214 enrolled Indian students, which offers a 9-12 program focusing on at-risk Indian youth, including teen parents; and (iii) the Shiprock Dormitory which houses 90 high school age students. While designated as a "school" in the BIA system for funding purposes, the Dormitory provides a residential program to high school aged Navajo students who need a place to live while attending the educational program at either Northwest High School or the nearby Shiprock public high school (part of the New Mexico public school system). *Id.* ¶¶ 6-8.

Student Body. The SASI student body is comprised of Indian children from throughout the Navajo Reservation. Most are day students who are bused from home to school daily, but since SASI covers a significant portion of the Navajo Reservation, a one-way bus ride for some students can be 1.5 hours. Demographically, SASI students come from low-income Navajo families. All students qualify for the free/reduced rate lunch program offered by the U.S. Department of Agriculture, and all students are designated as economically and educationally disadvantaged for purposes of qualifying for Federal funding under Title I of the Elementary & Secondary Education Act (also known as No Child Left Behind Act – "NCLBA"). SASI operates a "schoolwide" Title I program, as permitted for schools with a high proportion of disadvantaged students. *Id.* ¶¶ 13-14.

Operational Status. The three SASI schools are operated by a five-member all-Navajo School Board elected from districts of the Navajo Reservation in New Mexico and Arizona. The School Board is sanctioned by the Navajo Nation Tribal Council for the sole purpose of operating the three schools. On an annual basis, the School Board receives school operations funding from the Secretary of the Interior through a grant issued pursuant to the Tribally Controlled Schools Act (TCSA), 25 USC §2501, et seq. For fiscal year 2008 (July 1, 2008 - June 30, 2009), SASI received \$8,719,097.84 in

Federal grants and \$84,818.88 in other revenue (interest on deposits and student related revenues). *Id.* ¶¶ 15-17.

Funding Sources and Limitations on Use of Funds. Almost all of SASI's operating funds come from two sources of Congressional appropriations:

- Appropriations to the Secretary of the Interior, Bureau of Indian Affairs/Bureau of Indian Education fund the basic educational programs at the elementary and high schools; residential program at the Dormitory; student transportation to operate school buses which transport day students on a daily basis and residential students each weekend; facilities operation and maintenance; and funding for indirect/administrative costs incurred for program operations. *Id.* ¶ 18.
- Appropriations to the Secretary of Education provide specific set-asides for BIA system schools for the following programs: Title I of NCLBA; Individuals with Disabilities Education Act; Safe and Drug Free Schools Act; and the formula grant program of the Indian Education Act. Funds from these sources are transferred to the Secretary of the Interior for distribution to BIA system schools. *Id.* ¶ 18

All Federal funding received by SASI is subject to restrictions on use by the authorizing statute – the Tribally Controlled Schools Act – that is, for "education related activities" including school operations; academic, educational, residential guidance and counseling activities; administration of programs; support services for the school including student transportation; and operation and maintenance of school facilities. 25 USC 2502(a)(3). Thus, the School Board cannot use its Federal grant funds to pay the E-rate reimbursement demanded by USAC, even if that demand were warranted and appropriate. Doing so would violate the terms of the grant and the cost principles applicable to the grant, OMB Circular A-87.

The diversion of the nearly \$1.7 million to pay-back USAC would decimate SASI's educational program and make it impossible for the School Board to carry out its mission to educate Indian children. *Id.* ¶ 19. The schools in the BIA system, including the three SASI schools, suffer from chronic underfunding. According to the U.S. Commission on Civil Rights, the disparity between expenditures per-student in the BIA school system, as compared with that of public schools, presents "[p]erhaps the clearest example of unmet needs among Native Americans."²

SASI Facilities. Until School Year 2002-03, the SASI's elementary and secondary education programs and administration were operated in 50-year-old stone and wood buildings originally built as dormitories. They had been internally re-configured to make small classrooms, but nonetheless did not meet the space requirements for academic programs, the minimum requirements for fire and safety, nor handicapped accessibility standards. *Id.* ¶ 9.

² U.S. Commission on Civil Rights, *A Quiet Crisis: Federal Funding and Unmet Needs in Indian Country*, July 2003, at 23.

In the Fiscal Year 2000 appropriations act for the Department of the Interior, Congress provided more than \$26 million for construction of new educational facilities for SASI. Through an aggressive schedule developed by the School Board, in less than three years the existing school facilities were demolished and new elementary, high school and administration buildings were designed, constructed, equipped and accepted for occupancy in August, 2002. (The Shiprock Dormitory was not replaced as part of this replacement school construction project. The residential program continues to be operated in 60 year-old dormitory buildings.) *Id.* ¶¶ 8,10.

The new state-of-the-art education facilities were, of course, considerably larger and far more capable of supporting sophisticated electronic equipment than the old, small converted dormitory rooms they replaced. When SASI submitted its first application for E-rate subsidy (Form 470 filed with USAC) in December, 2001, its new facilities were not yet constructed or occupied. But the new facilities were opened for use during the time the E-rate funding period of July, 2002 through June, 2003 arrived. *Id.* ¶ 11

Importance of Computer-based Education at SASI. Continued access to computer-based learning methods is vital for SASI students. The Northwest High School, which targets at-risk teens, is in the highest remedial status under NCLBA – called "restructuring" – as it has failed to achieve Adequate Yearly Progress (AYP) for six or more years. To help these students the School utilizes computer-based intervention learning methodologies in reading and math. Students who also live in the Shiprock Dormitory get additional academic assistance through technology-based after-school programs. *Id.* ¶ 7.

SASI's elementary program has consistently met the AYP goals, due in no small measure to the availability of computer-based acceleration programs for students who perform above grade level. *Id.* ¶ 6.

SASI currently utilizes 260 desk top computers throughout the schools, with generally six assigned to each classroom. Computer education begins at the pre-kindergarten level and continues through grade 12. In addition, SASI offers computer classes to parents and community members with an eye toward developing adult computer literacy and enabling parents to better assist their children with homework. Since fewer than 20% of SASI students have access to home computers, nearly all computer-based learning must occur at school. *Id.* ¶ 12.

2. Waiver of the 60 Day Rule for Appeals in 47 C.F.R. § 54.720 is Justified in this Case by Special Circumstances and is in the Public Interest.

The FCC's rules, including the 60 day deadline for appeals in 47 C.F.R. § 54.720, may be waived for good cause under 47 C.F.R. § 1.3 where special circumstances warrant deviation from the general rule and such a deviation will serve the public interest. In deciding whether or not to waive a rule, the FCC may "take into account, on a case-specific basis, considerations of hardship, equity, or more effective implementation of

overall policy.” Fifth Report and Order and Order, In the Matter of Schools and Libraries Universal Service Support Mechanism, adopted August 4, 2004, Par. 75, fn. 134, 19 FCC Rcd 15808, 15833, 2004 WL 1801645 (F.C.C.) (hereafter “Fifth Report and Order”).

The Federal government’s role in Indian education has been recognized in court opinions as a special circumstance impacting the public interest. In *Cheyenne River Sioux Tribe v. Kempthorne*, 496 F.Supp.2d 1059 (D.S.D. 2007), the court held that BIA’s failure to provide a detailed explanation of its rationale for declining to enter into a funding agreement with the tribe for operation of two schools on the tribe’s reservation was unlawful. In its opinion, the court included a discussion of the federal government’s “Legacy on Indian Education,” a legacy under which “[n]ative Americans have endured generations of inadequate and inappropriate education.” *Id.* at 1066.

The court’s discussion includes citations to numerous studies and articles showing that “the government has fallen far short of its responsibility to provide Indian children with an education that is at least equal to that afforded other children, and in recognizing their unique educational needs.” *Id.* Because USAC’s decision would deprive disadvantaged Indian children on the Navajo Reservation of computerized learning capabilities and also of schools to go to, this is a special circumstance impacting the public interest.

The D.C. Circuit in *WAIT Radio*, back in 1969, held that the FCC must “articulate with clarity and precision its findings and the reasons for its decisions.” 481 F.2d at 1156. The court noted that violation of this standard in individualized cases is a special circumstance that implicates the public interest:

The agency’s discretion to proceed in difficult areas though general rules is intimately linked to the existence of a safety valve procedure for consideration of an application for exemption based on special circumstances. . . . The Commission is charged with administration in the “public interest.” That an agency may discharge its responsibilities by promulgating rules of general application which, in the overall perspective, establish the “public interest” for a broad range of situations, does not relieve it of an obligation to seek out the “public interest” in particular, individualized cases. *Id.* at 1157.

Waiving the 60 day appeal rule and review of USAC’s decision under 47 C.F.R. § 54.722 will further “more effective implementation of overall policy.” If USAC had done what *WAIT Radio* requires, which should have been normal procedure, and articulated with clarity and precision its findings and the reasons for its decision, this would have given Petitioner a means to prepare an effective appeal challenging the stated reasons for USAC’s decision. Instead, as we will discuss in detail below, USAC in its statement of decision demonstrated the conclusory and mechanical application of rules which the court found unacceptable in *WAIT Radio*. In addition, we will demonstrate below that USAC’s Notice of Commitment Adjustment retroactively and inappropriately

applies a cost-effectiveness certification rule not applicable to Petitioner's request for services, violated FCC policies governing recovery of E-rate funding, and is for the most part out of time under FCC's adopted five year administrative limitations period.

With respect to considerations of hardship and equity, as noted above, pay back of the \$1,689,474.26 would have a devastating impact on Petitioner's operations, and thus deprive Petitioner's students of the education opportunities they so desperately need. Declaration of Kami Glenn, ¶ 19. Furthermore, Petitioner faced special hardship with respect to an appeal within 60 days because: (1) USAC's Notice of Commitment Adjustment did not explain the reasons for the decision which is a necessary pre-requisite for Petitioner to prepare an effective appeal within the 60 day deadline, (2) all the information technology (hereafter "IT") personnel who prepared Petitioner's December, 2001 application for E-rate funding were no longer employed by Petitioner; Petitioner's then IT Director had departed one month earlier, and (4) the service provider for the 2002 E-rate services, RMSI, was no longer in business. *Id.* ¶ 20.

3. **Background.**

Petitioner submitted a Form 470 to USAC on December 7, 2001 requesting E-rate discount funding for Funding Year July 1, 2002 – June 30, 2003. Pet. Ex. 1. After posting of Petitioner's request on USAC's website for more than 28 days, Petitioner submitted a Services Ordered and Certification Form 471 to USAC. Pet. Ex. 2. On March 20, 2002, USAC sent Petitioner an E-rate Selective Review Information Request. Pet. Ex. 3. This Request notified Petitioner on page 2 that:

In order to ensure that applicants are following certain program rules relating to certification statement and competitive bidding processes, you have been selected for a two part review (Selective Review). We are seeking information about (1) your competitive bidding and vendor selection processes, and (2) information to support the certification you made on FCC Form 471, Item 25, regarding the access that you have secured to all of the necessary resources to make effective use of the requested products and services.

The Selective Review Information Request required Petitioner to provide responses and fill out worksheets on a number of topics. Notably, the Request also required Petitioner to submit its technology plan for USAC to review. *Id.* at 10. Petitioner's responses are included in Pet. Ex. 3. The responses indicate that two service providers responded to the Form 470 application and that after "site surveys" by both, SASI selected Removable Media Solutions, Inc. (RMSI). Petitioner's response also indicates that in Fiscal Year 2000 Petitioner was awarded a grant for construction of new educational facilities to be completed in May, 2002. "The design and subsequent construction of this facility budgeted \$1,609,710 for the electrical infrastructure to ensure adequate power for the advancement of technology. The E-rate request will provide all the internal connections for the new school as well as infrastructure upgrades for internal connection to existing facilities."

USAC approved Petitioner's funding request in a Funding Decision Commitment Letter dated December 29, 2003. Pet. Ex. 4. That letter also indicated approval of Petitioner's technology plan. In its funding commitment, USAC approved discount funding of \$1,834,062.30, which was 90 percent of the approved pre-discount amount of \$2,037,847. Shortly thereafter, Petitioner sent USAC a Form 486 Receipt of Services Confirmation dated January 7, 2004 certifying receipt of services. Pet. Ex. 5. On February 11, 2004 USAC sent RMSI a Form 486 Notification Letter acknowledging receipt and acceptance of Petitioner's Form 486 Receipt of Service Confirmation. That letter notified RMSI that "You may begin to submit invoices to the SLD [Schools and Libraries Division] for the services covered by the Form(s) 486." Pet. Ex. 6.

Approximately one year later, on March 23, 2005, USAC denied \$466,301 in funding for E-rate services not delivered by RMSI until December 2004, which was past the September 30, 2004 deadline for delivering E-rate services for the funding year. RMSI petitioned the FCC to waive the deadline and the Telecommunications Access Policy Division, Wireline Competition Bureau, granted the waiver by Order adopted on November 18, 2005, File No. SLD-299171, CC Docket No. 02-6. Pet. Ex. 7. The Order noted that "external circumstances may create situations where deadlines are both impractical and unreasonable . . . This action should ensure that Shiprock, a school eligible to receive a 90-per cent discount, will obtain the funding that USAC already approved for the installation of internal connections." *Id.* at 3.

Approximately three years later, USAC sent Petitioner a letter dated March 13, 2008 notifying Petitioner that the Program Integrity Assurance (PIA) team was in the process of reviewing its Form 471 Application to ensure that it is in compliance with the rules of the Universal Service Program. The letter noted that: "Based on information before us at this time, we are unable to make a positive determination that this funding request is cost effective." Pet. Ex. 8. Petitioner provided information in response to this request by letter from Debra Maxwell, IT Director, to USAC dated March 20, 2008. Pet. Ex. 9.

After another year, USAC sent Petitioner a Notice of Commitment Adjustment Letter dated March 13, 2009, rescinding in full the funding commitment issued on December 29, 2003 and determining that \$1,689,474.26 disbursed to date should be recovered from Petitioner. Pet. Ex. 10. The Commitment Adjustment report attached to this form letter contained a statement of decision on page 2:

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. During the course of a review, it was determined that the funds were erroneously committed for the funding request 780744 [Petitioner's funding request for funding year 2002], which was not justified as cost effective. The FCC rules require that, in selecting the service provider, the applicant must select the most cost effective service or equipment offering, with price being the primary factor, which will result in it being the most cost effective means of

meeting educational needs and technology plan goals. Additionally, the applicant's technology plans for requested services should be based on an assessment of their reasonable needs. Applicants that request services that are beyond their reasonable needs and thus not cost effective have violated the above rules. Since FRN 780744 exceeded the applicant's reasonable needs, this funding commitment is rescinded in full and SLD will seek recovery of any disbursed funds from the applicant.

Petitioner has received two demand letters for payment from USAC. Pet. Ex 11, 12. Petitioner has also received a Notice of Withholding of Action under the Red Light Rule, 47 C.F.R. § 1.1910, with respect to Petitioner's request for funding for 2009. Pet. Ex. 13.

4. USAC's Notice of Commitment Adjustment is Invalid Because it Retroactively and Inappropriately Applies Cost Effectiveness Rules not Applicable to Petitioner's Request for Funding.

The decision statement did not provide a citation for the cost effectiveness rule that USAC alleged was violated. However, it is obvious from the linkage of cost effectiveness to an applicant's reasonable needs and technology plan goals that the statement was referencing 47 C.F.R. § 54.504(b)(2)(vii) and § 54.504(c)(1)(xi). Those rules govern what must be certified to by the applicant in a Form 470 Request for Services and a Form 471 Services Ordered and Certification. With respect to Form 470, 47 C.F.R. § 54.504(b)(2)(vii) provides:

(1) FCC Form 470 shall be signed by the person authorized to order telecommunications and other supported services for the eligible school, library, or consortium and shall include that person's certification under oath that:

(vii) All bids submitted will be carefully considered and the bid selected will be for the most cost-effective service or equipment offering, with price being the primary factor, and will be the most cost-effective means of meeting educational needs and technology plan goals.³

These two rules were not applicable to Petitioner's request for services for funding year 2002 (July 1, 2002 – June 30, 2003) because §§ 54.504(b)(2)(vii) and 54.504(c)(1)(xi) were added to the regulations, and became effective, approximately two years after Petitioner's request for services for the 2002 funding year. See Fifth Report and Order, Par. 67 and 69, adopting these two new rules and their later publication in 69 Federal Register 55104, 55110 (September 13, 2004). The effective date for § 54.504(b)(2)(vii) and § 54.504(c)(1)(xi) was delayed until November 12, 2004 because these rules contained information collection requirements that had to be approved by the Office of Management and Budget. See 70 Federal Register 55300 (Sept. 21, 2005).

³ The language in 47 C.F.R. § 54.504(c)(1)(xi) with respect to Form 471 is the same except for substituting the verb "was" for "will be" since Form 471 concerns services ordered.

Thus, the cost effectiveness rules that the USAC accuses Petitioner of violating did not apply to Petitioner's request for E-rate funding for funding year 2002. This explains why the Forms 470 and 471 submitted by Petitioner on December 7, 2001 and January 14, 2002, respectively, did not require certifications under those rules. *See*, Pet Ex 1 and 2. Furthermore, applying §§ 54.504(b)(2)(vii) and 54.504(c)(1)(xi) to Petitioner's request for funds for 2002 is a retroactive application of these 2004 rules. This violates the well established presumption against retroactive application of laws and regulations which has been recognized by the Supreme Court in numerous decisions. *See, Rivers v. Roadway Express, Inc.*, 511 U.S. 298, 309, 311 (1994); *Bradley v. Sch. Bd. of Richmond*, 416 U.S. 696, 716 (1974); *Thorpe v. Housing Auth. of Durham*, 393 U.S. 268, 282 (1969). There is no intention evident in the Fifth Report and Order to apply these two rules retroactively and that would have made no sense, since the rules established certifications to be added to Forms 470 and 471.

The cost effectiveness rule that was applicable at the time of Petitioner's request for funding is 47 C.F.R. § 54.511(a). That rule provides:

(a) Selecting a provider of eligible services. In selecting a provider of eligible services, schools, libraries, library consortia, and consortia, including any of those entities shall carefully consider all bids submitted and must select the most cost effective service offering. In determining which service offering is the most cost effective, entities may consider relevant factors other than the pre-discount prices submitted by providers but price should be the primary factor considered.

The FCC has interpreted the phrase "relevant factors other than pre-discount prices" in §54.511(a) to mean factors related to a service provider's likely performance, such as prior experience, including past performance; personnel qualification, including technical excellence; management capability, including schedule compliance; and environmental objectives. *See, Ysleta Order* Par 48 (18 FCC Rcd 26407, 26428). Thus, cost effectiveness considerations targeted by § 54.511(a) concern pricing and other factors relevant to the bidding process for contractor selection. These matters were reviewed by USAC in its Selective Review of Petitioner's competitive bidding and vendor selection process prior to USAC's Funding Commitment Letter dated December 29, 2003. They are not at issue in this appeal.

In any event, cost-effectiveness—getting the best price on services and equipment that meet an applicant's educational needs and technology plan goals—is a different issue under the Fifth Report and Order than the issue of requesting E-rate services that exceed an applicant's needs. The Fifth Report and Order addressed this latter issue by adopting a policy of full recovery in the circumstance where an applicant's request for services so clearly exceeds its needs that it amounts to not making a bona fide request for services under § 254(h)(1)(B) of the Telecommunications Act of 1996. We will discuss that full recovery policy in the next section of this petition. The fact that USAC's Notice of Commitment Adjustment conflates these two distinct issues, and inappropriately applies

the cost effectiveness rules, is good cause enough for the FCC to grant this petition “to further more effective implementation of overall policy.”

5. USAC’s Notice of Commitment Adjustment is Invalid Because it Failed to Comply with FCC Policies Governing Recovery.

With certain exceptions for systematic non-compliance with E-rate rules not relevant here,⁴ USAC normally sought partial recovery in situations where USAC determined that an applicant was eligible for some, but not all, of the E-rate support requested. USAC would adjust the commitment amount to recover “the difference between the amount approved and disbursed and the appropriate amount.”⁵ The Fifth Report and Order adopted a new full recovery policy with respect to situations where an applicant requested such a clearly excessive level of support that USAC could reasonably infer that the request was not a “bona fide” request for services under § 254(h)(1)(B) of the Telecommunications Act of 1996.⁶ That section requires telecommunications carriers to provide discounted services for educational purposes to schools and libraries which make a “bona fide” request for such services. That section states in pertinent part:

All telecommunication carriers serving a geographic area shall, upon a bona fide request for any of its services that are within the definition of universal services under subsection (c)(3) of this section, provide such services to elementary schools, secondary schools, and libraries for educational purposes at rates less than the amounts charged for similar services to other parties.

The FCC noted in its Fifth Report and Order, Par. 30, that there are certain situations that may provide the occasion for the USAC to find that an applicant did not make a bona fide request for services:

A funding request may not be bona fide in a situation in which a service provider has charged the beneficiary an inflated price. Thus, it would be appropriate to recover amounts disbursed in excess of what similarly situated customers are normally charged in the marketplace. Similarly in a situation in which the beneficiary has requested a clearly excessive level of support—*which necessarily must be judged in the context of the specific circumstances of the school or library*—it would also be

⁴ See, for example, the Inspector General’s Memorandum Report on Audit of E-rate Program at Navajo Preparatory School No.-R—GR-FCC-0005-2003 (January 7, 2004), www.fcc.gov/oig/Navajo_Prep.pdf. In that case the systematic non-compliance was lack of an approved technology plan, failure to competitively bid the contracts for E-rate services, and the failure to demonstrate necessary resources to utilize the services. In a memorandum dated December 11, 2003 to the Inspector General commenting on the audit report, the Chief, Wireline Competition Bureau noted that while these systematic violations justified full recovery, underutilization of the E-rate services requested was not a violation of E-rate program rules.

⁵ See Fifth Report and Order, Par. 10.

⁶ See Fifth Report and Order, Par. 30.

appropriate to recover the full amount of the funding request because the beneficiary has not made a bona fide request based on its reasonable needs.” *Italics added.*

A footnote to this language explains that “While we have not specifically addressed this situation in the past, we clarify prospectively that an example of such a situation would be where the school requests support for a number of data lines far in excess of the number of students in a school, or support for servers that will provide capacity in excess of the needs of the intended population.” *Id.* par. 30, ftn. 54.

This policy of full recovery implements the “bona fide” requirement in § 254(h)(1)(B) of the Telecommunications Act. In other words, full recovery should be undertaken when an applicant requests such a clearly excessive level of support that the request can be judged, in the context of the specific school or library, not to be a “bona fide” request for services. Courts interpret words in statutes, unless otherwise defined, “as taking their ordinary, contemporary, common meaning.” *Perrin v. United States*, 444 U.S. 37, 42, (1979) The words “bona fide” are defined to mean “made, done, presented, etc., in good faith, without deception or fraud.”⁷

The language “which necessarily must be judged in the context of the specific circumstances of the school or library” calls for an individualized review and finding based on the specific circumstances of a particular applicant. In this case, USAC’s statement of decision concluded that Petitioner’s request for funding exceeded Petitioner’s reasonable needs, with no reasoning or analysis applicable to Petitioner’s particular circumstances. Furthermore, a “bare statement” that Petitioner requested services beyond its reasonable needs does not substitute for, and is not, a finding that the request was so clearly excessive that it is not a bona fide request for support. This type of “boilerplate” conclusion with no individualized finding fails to comply with FCC policy governing full recovery.

In the absence of a finding that supports full recovery because the applicant did not make a bona fide request, the appropriate practice is for USAC to adjust the commitment amount based upon USAC’s determination of what in the applicant’s request exceeded the applicant’s reasonable needs—in other words a partial recovery that recognizes the applicant’s eligibility for some, but not all, of the amount requested. But even partial recovery requires the USAC to determine what portion of Petitioner’s funding request exceeded Petitioner’s reasonable needs and explain the reasons for that determination in its Commitment Adjustment Letter. USAC’s “boilerplate” decision avoided having to do that, but it is necessary to establish a valid basis for even partial recovery in this instance.

⁷ See, Random House Dictionary of the English Language, Second Edition, Unabridged at 237.

6. **USAC's Notice of Commitment Adjustment is Invalid Because it Violates Principles of Administrative Law Applicable to the FCC.**

The D.C. Circuit in *WAIT Radio v. FCC*, 418 F.2d 1153 (D.C. Cir. 1969), *cert. denied*, 409 U.S. 1027 (1972), held that the FCC “must articulate with clarity and precision its findings and the reasons for its decisions.” *Id.* at 1156. Although *WAIT Radio* involved a radio station’s application for a waiver of the FCC’s clear channel rule, the court articulated its holding as a basic tenet of administrative law applicable to the FCC. The court determined that if no reasons are provided for an agency’s decision, there can be no effective appellate review of an agency’s decision involving application of a rule to the special circumstances of a particular party. The court observed that a “bare statement . . . is a conclusion, not a reason.” *Id.* at 1158.

Under the FCC’s rules, the USAC is held to the same standard that applies to FCC enforcement actions. The Fifth Report and Order states in paragraph 73:

As modified above, USAC shall continue to recover funds whenever it discovers a statutory or rule violation as described above. The standard for determining such a violation is the same standard that we use in our enforcement actions: specifically, whether a party has willfully or repeatedly failed to comply with any provision of the Act or any rule, regulation, or order issued by the Commission, based on a preponderance of the evidence.

USAC provided no individualized determination and no evidence or reasons whatsoever for its decision; just a bare statement that “FRN 780744 exceeded the applicant’s reasonable needs.” This violates the principles of administrative law announced in *Wait Radio*.⁸ This is of special concern here because the FCC in its Fifth Report and Order adopted the policy that USAC need not conduct administrative hearings before seeking return of money awarded under the E-rate program. 19 FCC Red at 15821. It leaves Petitioner in the position of guessing why USAC decided as it did without an opportunity to challenge the actual reasons for that decision on appeal. Although the Notice of commitment Adjustment purports to characterize USAC’s action as adjusting an earlier funding commitment, in actuality USAC made a new decision to recover funds. As explained above, the Fifth Report and Order places the burden on the USAC to justify its recovery action based upon an individualized determination.

⁸ The same administrative principles have been held to apply in other contexts, for example judicial review of agency action under the Administrative Procedure Act, 5 U.S.C. §§ 701 – 706. “It is an elementary principle of administrative law that an administrative agency must provide reasons for its decisions.” *Fisher v. Commissioner of Internal Revenue*, 45 F.3d 396, 397 (10th Cir. 1995) (citing *SEC v. Chenery Corp.*, 318 U.S. 80, 94 (1943) (“[T]he orderly function of the process of review requires that the grounds upon which the administrative agency acted be clearly disclosed and adequately sustained.”)). This is true for informal decisions. See, *Getty v. FSLIC*, 805 F.2d 1050, 1055 (D.C. Cir. 1986).

7. USAC's Recovery Action is For The Most Part Out of Time Under the FCC's Five Year Administrative Limitations Period.

In its Fifth Report and Order, Par. 30 and 31, the FCC adopted a five year administrative limitations period within which the FCC or the USAC must bring an action to establish a debt due because of an alleged violation of E-rate program rules or statutory provisions. Under this FCC Order, the USAC must initiate and complete a review of E-rate funding requests, and bring an action to establish a debt due to a violation of E-rate rules, within five years of the delivery of the E rate services for a particular funding year. "We believe that conducting inquiries within five years strikes an appropriate balance between preserving the Commission's fiduciary duty to protect the fund against waste, fraud, and abuse and the beneficiaries' need for certainty and closure in their E-rate application processes." *Id.* at 33.

The FCC noted that this administrative limitations period is distinct from the Debt Collection Improvement Act (DCIA) statute of limitations. "The limitation period we establish here relates to the time period within which we must bring an action to establish a debt due to a violation of E-rate program rules or statutory provisions. In contrast, the DCIA statute of limitations relates to the time period with which we must act to collect the debt once established." *Id.* at ft 55

Petitioner sent USAC a Form 486 Receipt of Services Confirmation certifying on January 7, 2004 that E-rate services for Funding Year July 1, 2002 – June 30, 2003 had been received. USAC then sent a Form 500 Notification Letter dated February 11, 2004 to Petitioner's contractor noting USAC's receipt and acceptance of Petitioner's Form 486 Receipt of Services Confirmation and stating that "you may begin to submit invoices to the SLD for the services covered by the Form(s) 486." Pet. Ex. 6. USAC's Notice of Commitment Adjustment is out of time under the FCC's five year administrative limitations policy for services covered by the Form 486 Receipt of Services certification dated January 7, 2004. While this is not the case for the \$466,301 in services not received until December of 2004, the Wireline Competition Bureau extended the delivery time for those services based upon external circumstances in its Order adopted November 18, 2005, Pet. Ex. 7.

8. Request for Relief.

We request that the FCC issue an order:

1. Waiving, under 47 C.F.R. § 1.3, the 60 day rule in 47 C.F.R. § 54.720 for appeal of USAC's Notice of Commitment Adjustment dated March 13, 2009;
2. Declaring that USAC's Notice of Commitment Adjustment dated March 13, 2009 is invalid and of no force and effect;
3. Directing that USAC cease recovery and collection actions based upon the Notice of Commitment Adjustment dated March 13, 2009; and

4. Directing that USAC cease any actions under the Red Line Rule, 47 C.F.R. § 1.910, to withhold consideration of Petitioner's pending request for funding for 2009.

Respectfully Submitted,

Marmaduke D. McCloud

Carol L. Barbero
Marmaduke D. McCloud
Hobbs, Straus, Dean & Walker, LLP
2120 L Street N.W., Suite 700
Washington, DC 20037
202-822-8282

Dated: July 17, 2009

**Before the
Federal Communications Commission
Washington, D.C.**

In the Matter of:)	
)	
Request for Waiver of the 60 day Deadline)	
For Appeals in 47 C.F.R. § 54.720 by)	
)	
Shiprock Associated Schools, Inc.,)	File No. SLD 299171
Shiprock, New Mexico)	
)	CC Docket No. 02-6
Schools and Libraries Universal Service)	
Support Mechanism)	

DECLARATION OF KAMI GLENN

1. My name is Kami Glenn. I am acting Executive Director of the Shiprock Associated Schools, Inc., (SASI). I have served in this capacity since February, 2009. Previously I have served SASI as Director of Federal Projects, acting Education Director and as a teacher. I have been employed by SASI for approximately eight years.
2. I have a Bachelor of Arts Degree in English from Fort Lewis College in Durango, Colorado; a Masters Degree in Secondary Education from Adams State College in Alamosa, Colorado; and have completed the course work for a Doctorate Degree in Special Educational Leadership and Policy Studies at the University of Northern Colorado.
3. Shiprock *Associated* Schools, Inc., is the successor name for "Shiprock *Alternative* Schools, Inc.", the official name of SASI when it applied for E-rate discount funding in December, 2001. The name was changed in recent years.
4. The component schools of SASI are the Atsa'Biyaazh elementary school serving grades K-8; the Shiprock Northwest High School serving grades 9-12; and the Shiprock Dormitory, which provides residential services for high school age students, some of whom attend Northwest High School, and the others attend the local New Mexico public school in Shiprock. All three components are part of the Federal school system for Indian children funded by the Bureau of Indian Affairs (BIA), an agency of the U.S. Department of the Interior, and all of our facilities are owned by the Federal Government.
5. SASI's campus is located in the town of Shiprock, New Mexico, on the northeastern portion of the Navajo Indian Reservation. The SASI schools are not part of the New Mexico State public school system and do not receive funding from the State of New Mexico.
6. Elementary School. The Atsa'Biyaazh K-8 educational program focuses on high achieving Navajo children. In School Year 2008-09, there were 286 Indian children enrolled in the program. This school has consistently met Adequate Yearly Progress (AYP) goals under the No Child Left Behind Act. Computer-based acceleration programs for students performing above grade level are an important component of the Atsa'Biyaazh curriculum.
7. High School. The Northwest High School program targets at-risk, special needs Indian teens who have not succeeded in other school settings. For School Year 2008-09, we enrolled 214 students in the High School, including some who are teen parents. Northwest High School is in "restructuring", the

highest remedial status ordered by the No Child Left Behind Act. This means the High School has failed to meet achievement level targets for six or more years. SASI utilizes computer-based intervention programs for these students, especially to help them with reading and math.

8. Dormitory. In School Year 2008-09, SASI housed 90 high school-age students in the Shiprock Dormitory. As part of our regular after-school program in the Dormitory, the SASI residential program staff assist students with homework and utilize computer-based academic programs to help improve academic achievement. Our residential program is operated in badly out-dated 60 year-old dorm buildings. We have applied to the BIA for funds to construct new dormitories, but because funding for replacement education facilities is very scarce, our application has not been successful.

9. Until School Year 2002-03, the SASI elementary and secondary education programs and administration were operated in 50-year-old stone and wood buildings that had been originally built as dormitories. To use them as classrooms, the building had been internally re-configured, but the classrooms were small, did not comply with space requirements for academic programs, and did not meet the minimum requirements for fire, safety, or handicapped accessibility.

10. In the Fiscal Year 2000 appropriations act for the Department of the Interior, Congress provided more than \$26 million for construction of new school facilities for SASI, but this appropriation did not include funds for new dorms. Through an aggressive schedule developed by the School Board, in less than three years the existing school facilities were demolished and new elementary, high school and administration buildings were designed, constructed, equipped and accepted for occupancy in August, 2002.

11. The new state-of-the-art education facilities were, of course, considerably larger and far more capable of supporting sophisticated electronic equipment than the old, small converted dormitory classrooms they replaced. When SASI submitted its first application for E-rate subsidy (Form 470 filed with USAC) in December, 2001, its new facilities were not yet constructed or occupied. The new facilities were opened for use during the time of the first E-rate funding period of July, 2002 through June, 2003. The new buildings were designed and constructed to accommodate wiring and cabling needed to support state-of-the art computer technology.

12. Our current computer inventory includes 260 desk top computers located throughout the schools (generally six assigned to each classroom), and 25 laptop computers. Computer education begins at the pre-kindergarten level and continues through grade 12. In addition, SASI offers computer classes to parents and community members to develop adult computer literacy and to enable parents to better assist their children with homework. Fewer than 20% of SASI students have access to home computers, so nearly all computer-based learning must occur at school.

13. SASI is permitted to enroll Indian children from throughout the Navajo Reservation. Most are day students who are bused from home to school daily and many have one-way bus rides of 1.5 hours. Dorm students who have homes to go to are bused home on weekends.

14. Nearly all SASI students come from low-income Navajo families. All students qualify for the free/reduced rate lunch program offered by the U.S. Department of Agriculture, and all of our students are designated as economically and educationally disadvantaged under Title I of the No Child Left Behind Act (NCLBA). SASI operates a "schoolwide" Title I program, as permitted for schools with a high proportion of disadvantaged students.

15. The SASI schools are operated by a five-member all-Navajo School Board elected from districts of the Navajo Reservation. The School Board is sanctioned by the Navajo Nation Tribal Council for the sole purpose of operating the three schools.

16. SASI's operational funding is provided annually by the Secretary of the Interior through a grant issued to the School Board pursuant to the Tribally Controlled Schools Act (TCSA), 25 USC §2501, et seq. TCSA grants are available only to schools in the Federal BIA school system.

17. For School Year 2008 (July 1, 2008 - June 30, 2009), the amount of SASI's TCSA grant was \$8,719,097.84. This funding has to cover the costs of all personnel (classroom and special education teachers, teacher aides, principals, dormitory staff, administrative personnel, bus drivers, cafeteria workers and facilities maintenance personnel); textbooks, equipment and supplies; school bus fleet operations and maintenance; utilities; building maintenance; and student food service. During the year, we also accumulated \$84,818.88 in other revenue through interest on deposits and student-related revenues.

18. Nearly all of SASI's operating funds come from two sources of annual Congressional appropriations:

- Appropriations to the Secretary of the Interior, Bureau of Indian Affairs/Bureau of Indian Education fund the basic educational programs at the elementary and high schools; residential program at the Dormitory; student transportation to operate school buses which transport day students on a daily basis and residential students each weekend; facilities operation and maintenance; and funding for indirect/administrative costs incurred in for program operations.
- Appropriations to the Secretary of Education provide specific set-asides for BIA system schools for the following programs: Title I of NCLBA; Individuals with Disabilities Education Act; Safe and Drug Free Schools Act; and the formula grant program of the Indian Education Act. These funds are transferred to the Secretary of the Interior for distribution to BIA system schools.

19. If SASI were forced to divert nearly \$1.7 million to pay the Commitment Adjustment issued by Universal Services Administrative Company (USAC), it would decimate our educational and residential programs and make it impossible to properly educate the Indian children in our charge.

20. By the time SASI received USAC's Notice of Commitment Adjustment in mid-March of 2009, all the information technology (IT) personnel who prepared SASI's December, 2001 application for E-rate funding had long left our employ. Further complicating matters was the departure of our then-IT director one month earlier, in February, 2009. The service provider approved by USAC to perform SASI's subsidized E-rate services, Removable Media Solutions, Inc., is no longer in business.

I declare under penalty of perjury under the laws of the United States of America (28 U.S.C. §1746) that the foregoing statements are true and correct.

Executed this 16th day of July, 2009.



Kami Glenn
Acting Executive Director
Shiprock Associated Schools, Inc.

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Schools and Libraries Universal Service Description of Services Requested and Certification Form

Estimated Average Burden Hours Per Response: 4.0 hours

This form is designed to help you describe the eligible telecommunications-related services you seek so that this data can be posted on the Fund Administrator website and interested service providers can identify you as a potential customer and compete to serve you.

Please read instructions before beginning this application.

(To be completed by entity that will negotiate with providers.)

Block 1: Applicant Address and Identifications

Form 470 Application Number: 961500000393140
Applicant's Form Identifier: SASI-01-02
Application Status: CERTIFIED
Posting Date: 12/06/2001
Allowable Contract Date: 01/03/2002
Certification Received Date: 12/07/2001

1. Name of Applicant: SHIPROCK ALTERNATIVE HIGH SCH		
2. Funding Year: 07/01/2002 - 06/30/2003		3. Your Entity Number 99258
4a. Applicant's Street Address, P.O.Box, or Route Number PO BOX 1809		
City SHIPROCK	State NM	Zip Code 87420-1809
b. Telephone number (505) 368- 5144		c. Fax number (505) 368- 5102
d. E-mail Address info@sasi.bia.edu		
5. Type Of Applicant		
<input checked="" type="checkbox"/> Individual School (individual public or non-public school)		
<input type="checkbox"/> School District (LEA; public or non-public [e.g., diocesan] local district representing multiple schools)		
<input type="checkbox"/> Library (including library system, library branch, or library consortium applying as a library)		
<input type="checkbox"/> Consortium (intermediate service agencies, states, state networks, special consortia)		
6a. Contact Person's Name: Dr. Eugene Thomas		
<i>First, fill in every item of the Contact Person's information below that is different from Item 4, above. Then check the box next to the preferred mode of contact. (At least one box MUST be checked.)</i>		
6b. Street Address, P.O.Box, or Route Number		
<input checked="" type="checkbox"/> 9105 East Sunbeam Drive		
City Flagstaff	State AZ	Zip Code 86004
<input checked="" type="checkbox"/> 6c. Telephone Number (928) 527- 1435		
<input checked="" type="checkbox"/> 6d. Fax Number (928) 527- 1456		
<input checked="" type="checkbox"/> 6e. E-mail Address gene_thomas@highstream.net		

7 This Form 470 describes (check all that apply):

- a. ☒ Tariffed services - telecommunications services, purchased at regulated prices, for which the applicant has no signed, written contract. A new Form 470 must be filed for tariffed services for each funding year.
- b. ☒ Month-to-month services for which the applicant has no signed, written contract. A new Form 470 must be filed for these services for each funding year.
- c. ☒ Services for which a new written contract is sought for the funding year in Item 2.
- d. ☒ A multi-year contract signed on or before 7/10/97 but for which no Form 470 has been filed in a previous program year.

NOTE: Services that are covered by a signed, written contract executed pursuant to posting of a Form 470 in a previous program year OR a contract signed on/before 7/10/97 and reported on a Form 470 in a previous year as an existing contract do NOT require filing of a Form 470.

What kinds of service are you seeking: Telecommunications Services, Internet Access, or Internal Connections? Refer to the Eligible Services List at www.sl.universalservice.org for examples. Check the relevant category or categories (8, 9, and/or 10 below), and answer the questions in each category you select.

8 ☒ Telecommunications Services

Do you have a Request for Proposal (RFP) that specifies the services you are seeking ?

- a ☒ **YES**, I have an RFP. It is available on the Web at or via (check one):
☒ the Contact Person in Item 6 or ☐ the contact listed in Item 11.

- b ☒ **NO**, I do not have an RFP for these services.

If you answered NO, you must list below the Telecommunications Services you seek. Specify each **service or function** (e.g., local voice service) and quantity and/or capacity(e.g., 20 existing lines plus 10 new ones). See the Eligible Services List at www.sl.universalservice.org for examples of eligible Telecommunications Services. Remember that only eligible telecommunications providers can provide these services under the universal service support mechanism. Add additional lines if needed.

Service or Function:	Quantity and/or Capacity:
Local voice service	Full T-1
Local cell phone services for eligible personnel	3 for instructional staff
Long distance voice service	Full T-1
Toll free services 8NN	1 toll free number
Centrex Service	56 lines

9 ☒ Internet Access

Do you have a Request for Proposal (RFP) that specifies the services you are seeking ?

- a ☒ **YES**, I have an RFP. It is available on the Web at or via (check one):
☒ the Contact Person in Item 6 or ☐ the contact listed in Item 11.

- b ☒ **NO**, I do not have an RFP for these services.

If you answered NO, you must list below the Internet Access Services you seek. Specify each **service or function** (e.g., monthly Internet service) and quantity and/or capacity(e.g., for 500 users). See the Eligible Services List at www.sl.universalservice.org for examples of eligible Internet Access services. Add additional lines if needed.

Service or Function:	Quantity and/or Capacity:
Internet access	For 45 instructional areas

10 ☒ Internal Connections

Do you have a Request for Proposal (RFP) that specifies the services you are seeking ?

a ☐ **YES**, I have an RFP. It is available on the Web at or via (check one):
☐ the Contact Person in Item 6 or ☐ the contact listed in Item 11.

b ☐ **NO**, I do not have an RFP for these services.

If you answered **NO**, you must list below the Internal Connections Services you seek. Specify each **service or function** (e.g., local area network) and quantity and/or capacity(e.g., connecting 10 rooms and 300 computers at 56kbps or better). See the Eligible Services List at www.sl.universalservice.org for examples of eligible Internal Connections services. Add additional lines if needed.

Service or Function:	Quantity and/or Capacity:
ATM	For Eligible Products for 45 Instructional Areas
Broadband Amplifier	For Eligible Products for 45 Instructional Areas
Cabinets- Eligible LAN Components	For Eligible Products for 45 Instructional Areas
Cable Boxes- Houses Cable	For Eligible Products for 45 Instructional Areas
Eligible System Improvements and Upgrades	For Eligible Products for 45 Instructional Areas
CODEC-Part of an Eligible Component	For Eligible Products for 45 Instructional Areas
Labor Charges	For Eligible Products for 45 Instructional Areas
E-Mail Server	1
Communications Server	1
Switches	For Eligible Products for 45 Instructional Areas
Enhanced Multimedia Interface	For Eligible Products for 45 Instructional Areas
Faceplate for LAN Cabling	For Eligible Products for 45 Instructional Areas
Graphics Cards/Adapters- For eligible Servers	6
Hard Disk Array Control	For 6 File Servers to Support Campus Wide Environment
LAN	For Eligible Products for 45 Instructional Areas
MCU- for NON End User Equipment	For Eligible Products for 45 Instructional Areas
Media Converter	5 Buildings 45 Classrooms- 250 Computers
Medium Access Unit	For Eligible Products for 45 Instructional Areas
Modems- Eligible Internal Connections	For Eligible Products for 45 Instructional Areas
Modem Eliminator- for Eligible Internal Connection Components	For Eligible Products for 45 Instructional Areas
Monitors- For Eligible Servers	6
MPEG Video Encoder	For Eligible Products for 45 Instructional Areas
Multimedia Kit- For Eligible Servers	6
Multiplexing Part of LAN	For Eligible Products for 45 Instructional Areas
Multipoint Control Unit	For Eligible Products for 45 Instructional Areas
Wiring-Eligible Voice	For Eligible Products for 45 Instructional Areas
On-Site Technical Support-Per Contract	For Eligible Products for 45 Instructional Areas
PC Attendant Console- Support PBX	For Eligible Products for 45 Instructional Areas
Power Poles- For Eligible LAN	For Eligible Products for 45 Instructional Areas
Rack Mounted Power Strips for Eligible LAN	For Eligible Products for 45 Instructional Areas
Printer for PBX	1
PBX	1
Processor Terminator Card for Eligible Server	6
Programming Charges for Operational Software	For Eligible Server Purchases
PVBX	For Eligible Products for 45 Instructional Areas
Raceway for Eligible LAN and Voice System	For LAN
Racks- for Eligible LAN and Voice System	To Be Determined
RAID- for Eligible Servers	6
Relay I/O Module	To Be Determined
Routers	To Be Determined
Domain Name Server	1
File Servers	4
Web Servers	1
Terminal Servers	1
Operational Software	For Eligible Servers
E-Mail Software	For Eligible E-Mail Server
Tape Drive Back-Up	For Eligible Servers

Wiring	for 45 Instructional Areas
Terminal Adaptor	To Be Determined
Transceiver	To Be Determined
Uninterrupted Power Supply	For Eligible Servers and Equipment
UPS Interface Expander	4
Video Amplifiers	To Be Determined
Video Channel Modulator	To Be Determined
Video Group & Desktop Equipment	To Be Determined
Wire Manager for Eligible LAN/Voice System	For Eligible Products for 45 Instructional Areas
Wireless PBX Adjunct	For Eligible Products for 45 Instructional Areas
Wiring-Eligible LAN/Voice/Video	For Eligible Products for 45 Instructional Areas
Extended Warranty- Per SLD Conditions	For Eligible Products for 45 Instructional Areas
Freight Assurance Fees	To Be Determined
Labor- Per SLD Conditions	To Be Determined
Maintenance & Installation- Per SLD Conditions	To Be Determined
Leasing Fees- Per SLD Conditions	To Be Determined
Interactive Television	For Eligible Products for 45 Instructional Areas
Training per SLD Conditions	To Be Determined

11 (Optional) Please name the person on your staff or project who can provide additional technical details or answer specific questions from service providers about the services you are seeking. This need not be the contact person listed in Item 6 nor the signer of this form.

Name: _____ Title: _____

Telephone number
() - _____

Fax number
() - _____

E-mail Address _____

12. ☐ Check here if there are any restrictions imposed by state or local laws or regulations on how or when providers may contact you or on other bidding procedures. Please describe below any such restrictions or procedures, and/or provide Web address where they are posted and a contact name and telephone number for service providers without Internet access.

Shiprock Alternative Schools, Inc. is eligible for purchases under GSA Contracts.

13. If you intend to enter into a multi-year contract based on this posting or a contract featuring an option for voluntary extensions you may provide that information below. If you have plans to purchase additional services in future years, or expect to seek new contracts for existing services, summarize below (including the likely timeframes).

To Be Determined

Block 3: Technology Assessment

14. ☐ **Basic telephone service only:** If your application is for basic local and long distance telephone service (wireline or wireless) only, check this box and skip to Item 16.

15. Although the following services and facilities are ineligible for support, they are usually necessary to make effective use of the eligible services requested in this application. Unless you indicated in Item 14 that your application is **ONLY** for basic telephone service, you must check at least one box in (a) through (e). You may provide details for purchases being sought.

a. Desktop software: Software required ☐ has been purchased; and/or ☐ is being sought.

b. Electrical systems: ☐ adequate electrical capacity is in place or has already been arranged; and/or ☐ upgrading for additional electrical capacity is being sought.

c. Computers: a sufficient quantity of computers ☒ has been purchased; and/or ☒ is being sought.

d. Computer hardware maintenance: adequate arrangements ☒ have been made; and/or ☒ are being sought.

e. Staff development: ☒ all staff have had an appropriate level of training /additional training has already been scheduled; and/or ☒ training is being sought.

f. Additional details: Use this space to provide additional details to help providers to identify the services you desire.

Block 4: Recipients of Service

16. Eligible Entities That Will Receive Services:

Check the ONE choice (a,b or c) that best describes this application and the eligible entities that will receive the services described in this application. You will then list in Item 17 the entity/entities that will pay the bills for these services.

a. ☒ Individual school or single-site library.

b. ☒ Statewide application for (enter 2-letter state code) representing (check all that apply):

- ☒ All public schools/districts in the state:
- ☒ All non-public schools in the state:
- ☒ All libraries in the state:

If your statewide application includes INELIGIBLE entities, check here. ☒ If checked, complete Item 18.

c. ☒ School district, library system, or consortium application to serve multiple eligible entities:

Number of eligible sites	
<i>For these eligible sites, please provide the following</i>	
Area Codes (list each unique area code)	Prefixes associated with each area code (first 3 digits of phone number) separate with commas, leave no spaces
If your application includes INELIGIBLE entities, check here. <input checked="" type="checkbox"/> If checked, complete Item 18.	

17. Billed Entities

List the entity/entities that will be paying the bills directly to the provider for the services requested in this application. These are known as Billed Entities. At least one line of this item must be completed. Attach additional sheets if necessary.

Entity	Entity Number
SHIPROCK ALTERNATIVE HIGH SCH	99258

18. Ineligible Participating Entities

Does your application also seek bids on services to entities that are not eligible for the Universal Service Program? If so, list those entities here (attach pages if needed):

Block 5: Certification and Signature

19. The applicant includes:(Check one or both)

- a. ☒ schools under the statutory definitions of elementary and secondary schools found in the No Child Left Behind Act of 2001, 20 U.S.C. Secs. 7801(18) and (38), that do not operate as for-profit businesses, and do not have endowments exceeding \$50 million; and/or
- b. ☒ libraries or library consortia eligible for assistance from a State library administrative agency under the Library Services and Technology Act of 1996 that do not operate as for-profit businesses and whose budgets are completely separate from any school (including, but not limited to elementary and secondary schools, colleges and universities).

20. All of the individual schools, libraries, and library consortia receiving services under this application are covered by:

- a. ☒ individual technology plans for using the services requested in the application, and/or
- b. ☒ higher-level technology plans for using the services requested in the application, or
- c. ☒ no technology plan needed; application requests basic local and/or long distance telephone service only.

21. Status of technology plans (if representing multiple entities with mixed technology plan status, check both a and b):

- a. ☒ technology plan(s) has/have been approved by a state or other authorized body.
- b. ☒ technology plan(s) will be approved by a state or other authorized body.
- c. ☒ no technology plan needed; application requests basic local and long distance telephone service only.

22. ☒ I certify that the services the applicant purchases at discounts provided by 47 U.S.C. Sec. 254 will be used solely for educational purposes and will not be sold, resold, or transferred in consideration for money or any other thing of value.

23. ☒ I recognize that support under this support mechanism is conditional upon the school(s) or library (ies) I represent securing access to all of the resources, including computers, training, software, maintenance, and electrical connections necessary to use the services purchased effectively.

24. ☒ I certify that I am authorized to submit this request on behalf of the above-named entities, that I have examined this request, and to the best of my knowledge, information, and belief, all statements of fact contained herein are true.

25. Signature of authorized person: ☒

26. Date (mm/dd/yyyy): 12/07/2001

27. Printed name of authorized person: Scott R. Hunsinger

28. Title or position of authorized person: Director of Support Services

29a. Address of authorized person:

City: State: Zip:

29b. Telephone number of authorized person: (505) 368 - 5144

29c. Fax number of authorized person: ()

29d. E-mail address number of authorized person:

Persons willfully making false statements on this form can be punished by fine or forfeiture, under the Communications Act, 47 U.S.C. Secs. 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. Sec. 1001.

Service provider involvement with preparation or certification of a Form 470 can taint the competitive bidding process and result in the denial of funding requests. For more information, refer to the "Service Provider Role in Assisting Customers" at www.sl.universalservice.org/vendor/manual/chapter5.doc or call the Client Service Bureau at 1-888-203-8100.

NOTICE: Section 54.504 of the Federal Communications Commission's rules requires all schools and libraries ordering services that are eligible for and seeking universal service discounts to file this Description of Services Requested and Certification Form (FCC Form 470) with the Universal Service Administrator. 47 C.F.R. § 54.504. The collection of information stems from the Commission's authority under Section 254 of the Communications Act of 1934, as amended. 47 U.S.C. § 254. The data in the report will be used to ensure that schools and libraries comply with the competitive bidding requirement contained in 47 C.F.R. § 54.504. All schools and libraries planning to order services eligible for universal service discounts must file this form themselves or as part of a consortium.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The FCC is authorized under the Communications Act of 1934, as amended, to collect the information we request in this form. We will use the information you provide to determine whether approving this application is in the public interest. If we believe there may be a violation or a potential violation of a FCC statute, regulation, rule or order, your application may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation or order. In certain cases, the information in your application may be disclosed to the Department of Justice or a court or adjudicative body when (a) the FCC; or (b) any employee of the FCC; or (c) the United States Government is a party of a proceeding before the body or has an interest in the proceeding. In addition, information provided in or submitted with this form or in response to subsequent inquiries may also be subject to disclosure consistent with the Communications Act of 1934, FCC regulations, the Freedom of Information Act, 5 U.S.C. § 552, or other applicable law.

If you owe a past due debt to the federal government, the information you provide may also be disclosed to the Department of the Treasury Financial Management Service, other Federal agencies and/or your employer to offset your salary, IRS tax refund or other payments to collect that debt. The FCC may also provide the information to these agencies through the matching of computer records when authorized.

If you do not provide the information we request on the form, the FCC may delay processing of your application or may return your application without action.

The foregoing Notice is required by the Paperwork Reduction Act of 1995, Pub. L. No. 104-13, 44 U.S.C. § 3501, et seq.

Public reporting burden for this collection of information is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, completing, and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the reporting burden to the Federal Communications Commission, Performance Evaluation and Records Management, Washington, DC 20554.

Please submit this form to:

**SLD-Form 470
P.O. Box 7026
Lawrence, Kansas 66044-7026
1-888-203-8100**

For express delivery services or U.S. Postal Service, Return Receipt Requested, mail this form to:

**SLD-Form 470
c/o Ms. Smith
3833 Greenway Drive
Lawrence, Kansas 66046
1-888-203-8100**

FCC Form 470
May 2003

New Search

Return To Search Results

**Schools and Libraries Universal Service Program
Services Ordered and Certification Form 471
Application Display**

Block 1: Billed Entity Information

Applicant's Form Identifier: SASI-01-02

471 Application Number: 299171

Cert. Postmark Date: 01/14/2002

Out of Window Letter Date: Not applicable

Funding Year: 07/01/2002 - 06/30/2003

Form Status: CERTIFIED - In Window

Billed Entity Number: 99258

RAL Date: 01/28/2002

Name: SHIPROCK ALTERNATIVE HIGH SCH

Address: PO BOX 1809

City: SHIPROCK **State:** NM **Zip:** 87420 1809

Contact Name: Dr. Eugene Thomas

Address: 9105 East Sunbeam Drive

City: Flagstaff **State:** AZ **Zip:** 86004

Type of Application: SCHOOL

Ineligible Orgs: N

Block 3: Impact of Services Ordered in THIS Application

Number of students to be served: 369

Number of library patrons to be served:

SERVICE DESCRIPTION	BEFORE ORDER	AFTER ORDER
a. (Schools/districts/consortia only) Telephone service: How many classrooms had phone service before and after your order?	20	42
b. High-bandwidth voice/data/video service: How many buildings served before and after your order?	2	5
c. High-bandwidth voice/data/video service: Highest speed to a building before and after your order?	T-1	T-1
d. Dial-up Internet connections: How many before and after your order?	0	0
e. Dial-up Internet connections: Highest speed before and after your order?	0	0
f. Direct connections to the Internet: How many before and after your order?	24	256
g. Direct connections to the Internet: Highest speed before and after your order?	T-1	T-1
h. Internet access(for schools): How many rooms have Internet access before and after your order?	23	47
j. Internet Access: How many computers (or other devices) with Internet access before and after your order?	80	256
k. Other technology outcomes: (please specify):	No Distance Learning	Distance Learning

Block 4: Worksheets

Worksheet A No: 363442

Student Count: 369

Weighted Product (Sum. Column 8): 332.1

Shared Discount: N/A

1. School Name: SHIPROCK ALTERNATIVE HIGH SCH

2. Entity Number: 99258 3. Rural/Urban: Rural

4. Student Count: 369 5. NSLP Students: 369 6. NSLP Students/Students: 100.000%

7. Discount: 90% 8. Weighted Product: 332.1

Block 5: Discount Funding Request(s)

FRN: 780744 FCDL Date:	
11. Category of Service: Internal Connections	12. 470 Application Number: 961500000393140
13. SPIN: 143017430	14. Service Provider Name: Removable Media Solutions, Inc.
15. Contract Number: n/a	16. Billing Account Number: 520.368.5144
17. Allowable Contract Date: 01/03/2002	18. Contract Award Date: 01/14/2002
19a. Service Start Date: 07/01/2002	19b. Service End Date:
20. Contract Expiration Date: 06/30/2003	
21. Attachment #: SASI-3-RMSI	22. Block 4 Entity Number: 99258
23a. Monthly Charges: \$.00	23b. Ineligible monthly amt.: \$.00
23c. Eligible monthly amt.: \$0.00	23d. Number of months of service: 12
23e. Annual pre-discount amount for eligible recurring charges (23c x 23d): \$0.00	
23f. Annual non-recurring (one-time) charges: 2037847	23g. Ineligible non-recurring amt.: 0
23h. Annual pre-discount amount for eligible non-recurring charges (23f - 23g): \$2,037,847.00	
23i. Total program year pre-discount amount (23e + 23h): \$2,037,847.00	
23j. % discount (from Block 4): 90	
23k. Funding Commitment Request (23i x 23j): \$1,834,062.30	

FRN: 787506 FCDL Date:	
11. Category of Service: Telecommunications Service	12. 470 Application Number: 961500000393140
13. SPIN: 143020465	14. Service Provider Name: Verizon Wireless Inc.
15. Contract Number: n/a	16. Billing Account Number: 505.860.3126
17. Allowable Contract Date: 01/03/2002	18. Contract Award Date: 01/03/2002
19a. Service Start Date: 07/01/2002	19b. Service End Date:
20. Contract Expiration Date: 06/30/2003	
21. Attachment #: SASI-1-VERZ	22. Block 4 Entity Number: 99258
23a. Monthly Charges: \$105.00	23b. Ineligible monthly amt.: \$.00
23c. Eligible monthly amt.: \$105.00	23d. Number of months of service: 12
23e. Annual pre-discount amount for eligible recurring charges (23c x 23d): \$1,260.00	
23f. Annual non-recurring (one-time) charges: 0	23g. Ineligible non-recurring amt.: 0
23h. Annual pre-discount amount for eligible non-recurring charges (23f - 23g): \$0.00	
23i. Total program year pre-discount amount (23e + 23h): \$1,260.00	

23j. % discount (from Block 4): 90
23k. Funding Commitment Request (23i x 23j): \$1,134.00

FRN: 787584 FCDL Date:	
11. Category of Service: Telecommunications Service	12. 470 Application Number: 961500000393140
13. SPIN: 143005695	14. Service Provider Name: Sprint Communications Company L.P.
15. Contract Number: n/a	16. Billing Account Number: 928.527.1435
17. Allowable Contract Date: 01/03/2002	18. Contract Award Date: 01/04/2002
19a. Service Start Date: 07/02/2002	19b. Service End Date:
20. Contract Expiration Date: 06/30/2003	
21. Attachment #: SASI-1-SPRINT	22. Block 4 Entity Number: 99258
23a. Monthly Charges: \$800.00	23b. Ineligible monthly amt.: \$0.00
23c. Eligible monthly amt.: \$800.00	23d. Number of months of service: 12
23e. Annual pre-discount amount for eligible recurring charges (23c x 23d): \$9,600.00	
23f. Annual non-recurring (one-time) charges: 0	23g. Ineligible non-recurring amt.: 0
23h. Annual pre-discount amount for eligible non-recurring charges (23f - 23g): \$0.00	
23i. Total program year pre-discount amount (23e + 23h): \$9,600.00	
23j. % discount (from Block 4): 90	
23k. Funding Commitment Request (23i x 23j): \$8,640.00	

FRN: 787934 FCDL Date:	
11. Category of Service: Telecommunications Service	12. 470 Application Number: 961500000393140
13. SPIN: 143002480	14. Service Provider Name: Navajo Communications Co. dba Citizens Communications
15. Contract Number: n/a	16. Billing Account Number: 928.527.1435
17. Allowable Contract Date: 01/03/2002	18. Contract Award Date: 01/04/2002
19a. Service Start Date: 07/01/2002	19b. Service End Date:
20. Contract Expiration Date: 06/30/2003	
21. Attachment #: SASI-1-CCT1	22. Block 4 Entity Number: 99258
23a. Monthly Charges: \$1,342.40	23b. Ineligible monthly amt.: \$0.00
23c. Eligible monthly amt.: \$1,342.40	23d. Number of months of service: 12
23e. Annual pre-discount amount for eligible recurring charges (23c x 23d): \$16,108.80	
23f. Annual non-recurring (one-time) charges: 1206	23g. Ineligible non-recurring amt.: 0
23h. Annual pre-discount amount for eligible non-recurring charges (23f - 23g): \$1,206.00	
23i. Total program year pre-discount amount (23e + 23h): \$17,314.80	
23j. % discount (from Block 4): 90	
23k. Funding Commitment Request (23i x 23j): \$15,583.32	

FRN: 788008 FCDL Date:	
11. Category of Service: Telecommunications Service	12. 470 Application Number: 961500000393140
13. SPIN: 143002480	14. Service Provider Name: Navajo Communications Co. dba Citizens Communications
15. Contract Number: n/a	16. Billing Account Number: 928.527.1434
17. Allowable Contract Date: 01/03/2002	18. Contract Award Date: 01/04/2002
19a. Service Start Date: 07/01/2002	19b. Service End Date:

20. Contract Expiration Date: 06/30/2003	
21. Attachment #: SASI-1-CCCL	22. Block 4 Entity Number: 99258
23a. Monthly Charges: \$2,061.55	23b. Ineligible monthly amt.: \$.00
23c. Eligible monthly amt.: \$2,061.55	23d. Number of months of service: 12
23e. Annual pre-discount amount for eligible recurring charges (23c x 23d): \$24,738.60	
23f. Annual non-recurring (one-time) charges: 0	23g. Ineligible non-recurring amt.: 0
23h. Annual pre-discount amount for eligible non-recurring charges (23f - 23g): \$0.00	
23i. Total program year pre-discount amount (23e + 23h): \$24,738.60	
23j. % discount (from Block 4): 90	
23k. Funding Commitment Request (23i x 23j): \$22,264.74	

Block 6: Certifications and Signature

- 24a. Schools: Y
 24b. Libraries or Library Consortia: N

 26a. Individual Technology Plan: N
 26b. Higher-Level Technology Plan(s): Y
 26c. No Technology Plan Needed:

 27a. Approved Technology Plan(s): Y
 27b. State Approved Technology Plan: N
 27c. No Technology Plan Needed:

CCP 1005

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Item 25 Review

USAC

Universal Service Administrative Company
Schools & Libraries Division

E-RATE SELECTIVE REVIEW INFORMATION REQUEST

2002-2003 - Universal LV. Back April 1

To:	Dr Eugene Thomas/Stuart Ott	From:	Laura Ransegnola
Your Phone Number	928-527-1435	My Phone Number	973-581-6742
Your Fax Number	928-527-1456	My Fax Number	973-884-8066
Organization	Shiprock Alternative High	My Email Address	LRANSEG@SL.UNIVERSALSERVICE.ORG
Today's Date	3/20/02	Number of Pages:	15
Please respond by:	4/3/02		
Form 471 Application Numbers:	299171 (319494) - BIA 2002 #069		

PLEASE CALL TO CONFIRM THAT THIS FAX HAS BEEN RECEIVED IN ITS ENTIRETY

Time Sensitive -- 14-Day Response Expected

It is important that we receive all of the information requested within 14 calendar days of the date of this fax so that we may complete our review of your funding request(s).

Who can respond to this request for information

This fax requests information that must be provided by the applicant, or by the applicant's authorized representative. If the applicant is responding to this fax, it must return the enclosed certification (the last page of this fax) to SLD along with the requested material. If the applicant's authorized representative is responding to this fax, the authorized representative must sign and return the enclosed certification (the last page of this fax) to SLD along with the requested material AND a letter of agency or other agreement between the applicant and consultant authorizing them to act on the school or library's behalf.

How to respond

Please send your responses to the questions outlined on the following pages to:

Via Fax:	Via Expedited Mail:	Via email:
Laura Ransagnola PIA Selective Review (973) 884-8066 (fax)	Laura Ransegnola SLD 80 S. Jefferson Road Whippany, NJ 07981	lransseg@sl.universalservice.org

Thank you for your assistance as we work to assure the integrity of the Schools and Libraries Universal Service Fund. It is important that we receive all of the information requested within 14 calendar days. A checklist of the items requested in this fax is included on the last page.

If you have any questions with regard to this request or these worksheets, please contact the reviewer at the phone number or email address listed above.

Exhibit 3 Page 1 of 21

Dear E-Rate Applicant:

In order to ensure that applicants are following certain program rules relating to certification statements and competitive bidding processes, you have been selected for a two part review (Selective Review). We are seeking information about (1) your competitive bidding and vendor selection processes, and (2) information to support the certification you made on FCC Form 471, Item 25, regarding the access that you have secured to all of the necessary resources to make effective use of the requested products and services.

Information Regarding the Competitive Bidding Process and Vendor Selection

1. Please provide signed and dated copies of all contracts relating to your Funding Year 5 Form(s) 471. If contracts are not provided, please explain why you have not provided them. If the price on the contract is different from the pre-discount price on your Form(s) 471 please explain the difference and account for the difference. (For example, if the dollar amount on the contract is higher than the dollar amount on your Form(s) 471 indicate which services have been backed out, if that is the case. If the dollar amount on the contract is lower than the dollar amount on your Form(s) 471, explain why.)
2. Please provide a copy of all requests for proposals (RFPs, invitation to bid, request for bids, etc.) or other documentation of bid requests for services and/or products requested on each Form 471. You do not need to provide copies of Form(s) 470 that were posted to the website. If RFPs are not provided, please explain why you have not provided them.
3. Please provide complete copies of all bids that were received.
4. Please provide complete documentation indicating how and why you selected the service provider(s) selected. This documentation should include a description of your evaluation process and the factors you used to determine the winning contract(s).
5. Please provide a copy of the entire consulting agreement(s) relating to the planning, implementation and support of your E-rate funding request(s).
6. Please provide a copy of all correspondence between your service providers and consultants and the school regarding the competitive bidding process and the application process.

If any of the information requested above is not available, please explain why it is not available. This explanation should include how you conformed with applicable local and state procurement regulations and your organization's procurement and bidding policies.

Information Regarding Your Item 25 Certification

Overview

To ensure that E-Rate funds are allocated appropriately, and in accordance with FCC Orders, each applicant is required to certify in Item 25 of FCC Form 471 that: "The school(s) or library(ies) I represent have secured access to all the resources, including computers, training,

software, maintenance, and electrical connections necessary to make effective use of the services purchased as well as to pay the discounted charges for eligible services.” The Item 25 Certification review also looks at the applicant’s ability to pay for their share of E-rate funding. In the course of the Item 25 Certification review we will ask for:

- documentation of your ability to pay for your share of E-Rate discounts and estimates of non-E-Rate eligible resources that you might use to meet this certification.
- your estimates of hardware, software, professional development, retrofitting and maintenance investments that might not be E-Rate eligible, but are necessary to make effective use of the E-Rate discounts you have requested.
- a copy of your technology plan.
- an estimate of the technology level of all schools or libraries within your organization following E-Rate.

The Item 25 Certification Review takes place on a system-wide basis. (also called a “billed entity”) level. We will be requesting, and looking at information for ALL 471(s) filed for the 2002-2003 funding year, Funding Year 5, that were filed by the entity listed on the cover page of this fax.

First, re-familiarize yourself with the Form(s) 471 that you filed for Funding Year 5. We have listed Funding Year 5 applications that we have identified to date that are a part of this review on the cover page of this fax. Please notify us if you have additional Forms 471 for Funding Year 5 that we have not listed. The review will include those as well. It is important that you identify any additional applications that you have filed at this time for Funding Year 5. Failure to do so may delay or jeopardize funding commitments; and/or post-commitment disbursements. Failure to do so may also result in future adjustments to any commitments that you may receive from us.

If you have additional application (s) not listed above, you might also need to make an adjustment to the amounts we listed in the Item 25 Worksheet Summary Sections I-A and I-B.

Instructions for Completing the Item 25 Worksheet Summary: Fax Back Page 1
(Page 12 of this fax.)

Section I: Connectivity

Subsection I-A. Commitment Amount Requested

We have looked at the Forms 471 that you filed for Funding Year 5. We added up the commitment amounts that you requested on those Forms 471, by service category (the amount(s) from Form 471, Block 5, Item 23k). We placed those sums next to the respective service category(ies) in Section IA on the *Item 25 Worksheet Summary: Fax Back Page 1* (numbers 1, 2 and 3 on the *Item 25 Worksheet Summary: Fax Back Page 1*, page 12 of this document). Please verify that these are the correct sums of the funding request amounts. As noted above, this part of the review is based on your ability to pay the non-discounted portion of the funding that you requested on your Forms 471. Therefore, unless and until certain funding requests (FRNs) are determined to be non-fundable (e.g. funding cap prevents funding certain requests) we are asking to see that you have budgeted for all the requests that you listed on all the 2002-2003 Forms 471 that you filed for your entity. Also note that if you have identified

Draft Budgets

If a budget is not available or is still in the approval process, we will accept any of following, provided a letter signed by a school or library official (superintendent, board president, chief business officer) **accompanies** the document(s).

The letter should explain what phase of the approval process you are in, whether your share of funding is contingent on any outside action (e.g. voter approval, board approval, state legislation, etc.) and whether in the absence of such outside approval, you anticipate being able to meet your share. Please make sure that the documentation you submit with the letter includes the same information as we requested above for a final budget. Also make sure that the letter identifies the specific amount that you will have available to pay your share. For example, if you have \$100,000 that you will be putting in your budget, make sure that that is noted in the letter.

- A draft budget
- A resolution of a governing Board authorizing the filing of a Form(s) 471 for a given dollar amount, for given services and/or products, within a given timeframe. For us to consider such a resolution sufficient evidence that your entity has provided for payment of your share of E-rate, the resolution should specify the funding year, the fiscal year, or the school year during which the payment is authorized.
- If donations (or other dollars from any contributor) are a source, a signed commitment letter from the donor (e.g. school or library foundation) to the applicant specifying 1) the level and commitment of funds or other resources; 2) the timing of the delivery of such resources, along with a dispositive indication that the resources are for E-rate supported products/services or for items needed to use effectively the discounted services. (The indication as to the use of the resources might come from the donor or be reflected in a Board resolution committing donations to E-rate related purposes.)

Note: If a final, approved budget is provided, we may verify that budget with independent sources.

If a final, approved budget is **not** available, we require a combination of a letter (described above) AND one of the bulleted examples above. We require **both**, **not** one or the other.

NONE?

Subsection I-C. Amounts not covered by USF Program

In Section I-C of the Item 25 Worksheet you are asked to indicate the total amount of money that you will pay during Funding Year 5 (07/01/2002 - 06/30/2003) for E-Rate eligible products/services for which you are NOT requesting E-Rate funding.

- Separate the services/products into their respective service categories (telecommunications, Internet access and internal connections) and total the results of each category.
- Enter these amounts in the Item 25 Worksheet Summary, page 10 , Section I-C in the respective service category (Numbers 9, 10, 11).

- Sum items I-C, 9 through 11 and enter this amount in #12.

Sections II through VI: Hardware, Professional Development, Software, Retrofitting and Maintenance

For Sections II through VI of the worksheet, it is not initially necessary to document your estimates. However, in the event of a future audit, and depending on the results of our analysis, you may be asked to provide additional documentation to clarify or substantiate your estimates.

For Sections II through VI (Hardware, Software, Professional Development, Retrofitting, and Maintenance), you will be asked for investment amounts in these areas for the **FISCAL** year prior to the program funding year (2001-2002 or equivalent) and also for the **FISCAL** year investment that coincides with the program Funding Year (2002-2003 or equivalent). Since fiscal year calendars vary from one location to another, you may have to adjust your figures accordingly.

Securing access to necessary resources for non-eligible products and services does not mean that all resources to support the purchased services must be paid for out of current year funds.

Therefore, if you can demonstrate that the computers are in place, the training has occurred, or the electrical system has been upgraded as a result of investments in previous years, then those resources are available to support the purchased services. You may attach a page to the worksheet, or cross-reference the technology plan you have provided, to document that these resources are available. You may also estimate the value of donations and in-kind contributions on the worksheet, and include these values in the subtotals for each section. These can be listed on the line marked "Contributions/In Kind" for each section.

If you have submitted your E-Rate request on behalf of a school system, a library system, or a consortium, your response on these worksheets should represent the total of all of the resources available in all of the eligible entities covered by your request. For example, you would include your estimate of all of the networked computers in your school district or library system buildings that will be covered by your funding request. If, as an applicant, you have submitted multiple Form(s) 471, a single worksheet should be used to summarize the total requests for all of your Form(s) 471, and the total resources that are available to support those requests.

Section II: Hardware

Hardware includes computers, printers, fax machines, video equipment, scanners, CD-ROM servers, etc., that are used to support and improve education or library service.

To use telecommunications access effectively for improved education or library service you should have computers that can take advantage of the resources available on the Internet. Legacy equipment (PCs below 486 or Macs below 040 processors) that can not take full advantage of the Internet should not be included in the hardware available to support purchased services unless they can support text-based browsing (such as Macs with 020 processors or 386 PCs with appropriate software).

- In Section II-A, please list the number of computers adequately connected to the Internet

as of today (enter in number 13a) and the number of computers planned to be connected as of June 30, 2003. (enter in number 13b)

- In Section II-B, please estimate your total expenditure for hardware for the fiscal year prior to the funding year (i.e. 2001-2002) and for the fiscal year that coincides with the funding year (i.e. 2002-2003). Enter these numbers in Section II-B, Numbers 14a and 14b.
- Estimate the value of in-kind hardware donations received during the last fiscal year and for this fiscal year. Enter these numbers in Section II-C, numbers 15a and 15b.

If you have made a significant investment in technology prior to these fiscal years, please summarize these resources that are already in place in the section titled, *Resource Plan: Fax Back Page 2*. You may be asked to provide documentation to support this or any other statement that you make in response to this information request. If you have applied for matching funds or grants from other sources that have not been approved yet, please note it. Include all information about resources that you have available to make use of the E-rate program.

Section III: Professional Development

Professional Development, which is not eligible for E-rate discounts, is necessary to ensure that you are prepared to make effective use of purchased services. Professional development should provide for ongoing and sustained training for not just the technical staff, but teachers and librarians as well.

Your budget should provide for professional development that goes beyond the acquisition of generic computer skills to include mastery of technology applications specifically designed to improve teaching, learning or library service. Training that is limited to the acquisition of basic computer skills is not sufficient. Training should be coordinated with the availability of appropriate technology in the school, classroom, or library.

The following are possible professional development costs that might have been incurred by your organization: seminars and conferences; faculty hired to conduct in-service or on-site training; technology related courses attended by your staff and paid for by your organization; books and other instructional materials; and full time professional development staff. Peer tutoring and peer monitoring is another method for delivering training, and you may include this in your estimate of Professional Development Contributions and in-kind donations. However, for these purposes, please do not include any non-technology related course costs.

- Estimate the percent of your instructional or library service staff that have been trained to use technology to improve education or library services and list the results in Section III-A (the combined total should equal 100%). Please note that here we are looking for the CURRENT percentages of teacher training; current as of today
- Then estimate the value of your professional development expenditures for fiscal year 2001-2002. Place that amount next to number 18a.
- Estimate the value of your professional development expenditures for fiscal year 2002-2003. Place that amount next to number 18b.

- Estimate any in-kind or pro-bono professional development for fiscal year 2001-2002. Place this amount next to number 19a.
- Estimate any in-kind or pro-bono professional development expected for fiscal year 2002-2003. Place this amount next to number 19b.
- Add 18a and 19a.
- Place that number in 20a.
- Add 18b. and 19b.
- Place that number in 20b.

If you have made a significant investment in professional development prior to these fiscal years, please summarize these resources that are already in place in the section titled, *Resource Plan: Fax Back Page 2*. If you have applied for matching funds or grants from other sources that have not been approved yet, please note it. Include all information about resources in the area of professional development that you have available to make use of the E-rate program.

Section IV: Software

Some software (such as productivity tools, curriculum software, library content, etc.) is not eligible for discounts, but is necessary to make effective use of the purchased services. (Software to operate a network server is eligible and would be included in Connectivity above.)

- Estimate your 2001-2002 expenditure on software.
- Enter this amount in 21a.
- Estimate your 2002-2003 fiscal year anticipated expenditures in the area of software.
- Enter this amount in 21b.
- Estimate any in-kind contributions of software products during fiscal year 2001-2002.
- Enter this amount in 22a.
- Estimate any 2002-2003 fiscal year anticipated in-kind contributions of software.
- Enter this amount in 22b.
- Add 21a and 22a.
- Place this number in 23a.
- Add 21b and 22b.
- Place this number in 23b.

If you have made a significant investment in technology prior to these fiscal years, please summarize these resources that are already in place in the section titled, *Resource Plan: Fax Back Page 2*. If you have applied for matching funds or grants from other sources that have not been approved yet, please note it. Include all information about resources that you have available to make use of the E-rate program.

Section V: Retrofitting

Retrofitting that may be necessary to make effective use of purchased services is not eligible for USF discounts, but it is necessary to make effective use of the purchased services. Ineligible retrofitting includes electrical wiring, asbestos removal, building modifications, renovations and repairs necessary to use the requested E-rate products and services. Retrofitting is not the costs that you incurred to upgrade your computer wiring or network hardware.

- Please estimate your retrofitting investment during fiscal year 2001-2002
- Place this number in 24a.
- Estimate your retrofitting expenses anticipated during fiscal year 2002-2003.
- Place this number in 24b.
- Estimate any in-kind or pro-bono work in the area of retrofitting received during fiscal year 2001-2002.
- Place this number in 25a.
- Estimate expected in-kind or pro-bono work in the area of retrofitting that you anticipate receiving during fiscal year 2002-2003.
- Place this number in 25b.
- Add 24a and 25a.
- Place this number in 26a.
- Add 24b and 25b.
- Place this number in 26b.

If you have made a significant investment in technology in prior fiscal years, please summarize these resources that are already in place in the section titled, *Resource Plan: Fax Back Page 2*. If you have applied for matching funds or grants from other sources that have not been approved yet, please note it. Include all information about resources that you have available to make use of the E-rate program.

Section VI: Maintenance

Systems maintenance and operations costs for ineligible hardware and software, and salaries of staff are ineligible for USF discounts. Nevertheless, they are necessary to make effective use of the purchased services (maintenance costs for E-rate eligible equipment and services, that do not include applicant staff salaries, should be included in Connectivity above).

- Please estimate your expenditures for systems maintenance and operations in the 2001-2002 fiscal year.
- Place this number in 27a.
- Estimate your expenditures for the coming fiscal year (2002-2003) for systems maintenance and operations.

- Place this number in 27b.
- Estimate any pro-bono maintenance or the value of donated time on maintenance for the 2001-2002 fiscal year.
- Place this number in 28a.
- Estimate any pro-bono maintenance or the value of donated time on maintenance anticipated for the 2002-2003 fiscal year
- Place this number in 28b.
- Add 27a and 28a.
- Place this number in 29a.
- Add 27b and 28b.
- Place this number in 29b.

If you have made a significant investment in technology in prior fiscal years, please summarize these resources that are already in place in the section titled, *Resource Plan: Fax Back Page 2*. If you have applied for matching funds or grants from other sources that have not been approved yet, please note it. Include all information about resources that you have available to make use of the E-rate program.

Technology Plan

Please include a copy of your technology plan to your response to this request. Your technology plan helps us better understand the resources that are available to support the funding requests that you have submitted on your Form(s) 471.

Technology Implementation Level

- In column A, list the number of schools or libraries that currently fall into the technology levels described below.
- In column B, indicate where your schools/libraries will be as a result of the technology delivered as a result of the e-rate applications you have submitted this year.

If you are responding on behalf of a consortium, a school district or a library system that has schools or libraries at different levels, please list the number of sites that are at each level.

Please list the <i>number</i> of schools and libraries that are currently and <i>will be</i> at each level <i>after</i> the requested services are installed.		(A) Current Number of Schools/Libraries	(B) After 2002-2003 E-rate products/services number of Schools/Libraries
Level I	Phone Service, and Single Point Internet Access		
		Place the above number next to "Level 1 current:" at the bottom of the Fax Back Page 1.	Place the above number next to "Level 1 by 6/30/03:" at the bottom of the Fax Back Page 1.
Level II	Phone Service, and multiple computers connected directly to the Internet in a networked lab or single location in a library. Please also estimate the number of computers to be networked.		
		Place the above number next to "Level 2 current:" at the bottom of the Fax Back Page 1.	Place the above number next to "Level 2 by 6/30/03:" at the bottom of the Fax Back Page 1.
Level III	Phone Service, and direct Internet connection on building LAN with some classrooms networked or distributed centers in a library. Please estimate the number of rooms, centers, and computers.	1 school 23 rooms 50 computers	
		Place the above number next to "Level 3 current:" at the bottom of the Fax Back Page 1.	Place the above number next to "Level 3 by 6/30/03:" at the bottom of the Fax Back Page 1.
Level IV	Phone Service, and direct Internet connection on building LAN with access from all classrooms or library centers. Please indicate number of rooms, public access stations, and computers.		47 rooms 343 computers.
		Place the above number next to "Level 4 current:" at the bottom of the Fax Back Page 1.	Place the above number next to "Level 4 by 6/30/03:" at the bottom of the Fax Back Page 1.



SHIPROCK ALTERNATIVE SCHOOLS, INC.

P.O. Box 1809
Shiprock, New Mexico 87420
(505) 368-5144 or (505) 368-2055
Fax (505) 368-5102
www.sasi.bia.edu

April 3, 2002

Laura Ransegnola
SLD
80 S. Jefferson Road
Whippany, NY 07981

Dear Ms. Ransegnola,

This correspondence will provide a response for items 2,3, and 4 of the Item 25 Competitive Bidding Process and Vendor Selection. The Vendor Proposal from Removable Media Solutions, Inc. The evaluation process is described below.

Two (2) Service Providers responded to the 470 application Internal Connection Requirements; (1) Removable Media Solutions, Inc. (RMSI) located in Sacramento, CA and Scottsdale, AZ, and (2) TAMSCO located in Polson, MT. Both respondents were informed that a "site survey" was mandatory to review services and function as part of Form 470 Block 2: Item 10, Internal Connections.

The site survey, in conjunction with meeting the appropriate Shiprock Alternative Schools, Inc. (SASI) IT staff, provided the complete scope of work required. The site survey also provided assessment for the interested Service Provider as to how the new services would need to integrate with the existing campus infrastructure and technology.

Both RMSI and TAMSCO scheduled a site survey with the SASI IT staff during the posted period. Both companies were given overviews of the requirements and a walk-through of all buildings and classrooms. As part of the integration requirements, SASI requested a turn-key solution using GSA Contract, State contract, or any other Convenience Contract proposed that would meet the local (Bureau of Indian Affairs) and State (New Mexico) procurement regulations.

After the twenty-eight (28) day posting, RMSI was the only Service Provider to respond providing a complete turn-key proposal (attached). In addition to understanding the scope of work, RMSI provided the GSA contract along with five (5) major government contracts. The GSA Convenience Contract met all of SASI's procurement requirements as defined during the "site surveys" and Form 470 Block 2: Item 12. RMSI's proposal was accepted by SASI on January 10, 2002 and was unanimously approved by the SASI Board of Directors at a duly called meeting at which a quorum was present on that date.

If you need any additional information regarding the competitive bidding vendor process, please let us know.

Sincerely,

Scott R. Hunsinger
Director of Support Services

cc: file

Exhibit 3 Page 11 of 21

☐ Administration

☐ Academic

☐ Facilities

☐ Residential



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www.sasi.bia.edu

April 3, 2002

Laura Ransegnola
SLD
80 S. Jefferson Road
Whippany, NY 07981

Dear Ms. Ransegnola,

Shiprock Alternative High has appointed Dr. Gene Thomas as our authorized signer for purposes of the Year 5 E-Rate funding application # 299171. Dr. Thomas is a former Executive Director of a Bureau of Indian Affairs funded school such as our own and was extensively involved in obtaining previous E-Rate funding for Dilcon Community School. Due to his past experience with this process and because Dr. Thomas offered his consulting services to us in order to assist us in this application process, we have decided that he be designated as the authorized signer for Shiprock Alternative High.

If you have any further questions, please do not hesitate to contact me directly at 505-368-2058.

Sincerely,

Scott R. Hunsinger
Director of Support Services

cc: file



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Shiprock, New Mexico 87420
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Fax (505) 368-5102
www.sasi.bia.edu

April 3, 2002

Laura Ransegnola
SLD
80 S. Jefferson Road
Whippany, NY 07981

Dear Ms. Ransegnola,

Shiprock Alternative High currently has two Form 471 Application numbers, 299171 and 319494. Of the two, we were directly involved in defining the scope of work and the related application for Application number 299171.

Application number 319494 was initiated by the Bureau of Indian Affairs, Office of Indian Education Programs by a Mr. Stuart Ott. Apparently this application was filed as part of a consortium of all 187 Bureau of Indian Affairs Schools. Because our school is a Bureau funded school, an application was apparently filed on our behalf. It should be noted, however, that we have no knowledge of what the scope of work for this application number 319494 contains, nor did we have any involvement of the creation of this application at the school level.

If you have any further questions, please do not hesitate to contact me directly at 505-368-2058.

Sincerely,

Scott R. Hunsinger
Director of Support Services

cc: file

**E-RATE IMPLEMENTATION DESCRIPTION: HARDWARE
SHIPROCK ALTERNATIVE HIGH SCHOOL
MAY 7, 2002**

During School Year 2001-2002, Shiprock Alternative High School (SASI) acquired five (5) file servers, two-hundred seventy-four (274) desktop computers and fifty-seven (57) laptop computers. **The total expenditures for this hardware totaled \$ 623,400.00.** The funds for the hardware were budgeted under the "New Construction" category.

Number of Servers and Network Drops:

SASI's campus consists of seven (7) buildings which contain (2) elementary schools and a high school. SASI is requesting the following services for these 7 buildings:

- a. (47) instructional areas
- b. (47) 1-Gigabit EtherNet Fiber Links to link instructional areas
- c. (396) Data connections with High-Speed Internet Access.
- d. (3) Connectivity to new T1 for Internet Access

Existing cabling infrastructure for SASI:

- a. (23) Instructional areas
- b. (1) Shared 10 BaseT Network Connection
- c. (80) 10 BaseT data connections
- d. (1) Satellite Internet Connection

SASI is requesting a total of (6) servers:

- a. (2) General Purpose File Servers
- b. (1) Communications Server
- c. (1) Web Server
- d. (1) E-Mail Server
- e. (1) Terminal Server
- f. (1) Uninterruptible Power Supply Rack for Servers

**E-RATE IMPLEMENTATION DESCRIPTION: MAINTENANCE
SHIPROCK ALTERNATIVE HIGH SCHOOL
MAY 7, 2002**

Most of the technology equipment acquired by Shiprock Alternative High School for School Year 2001-2002 is under warranty for two years. Some of the hardware, computers, is under a three-year warranty.

All services requested under the Year 5 E-Rate program, will also be under a two-year warranty/maintenance program.

Because of the extended warranties, SASI does not carry any maintenance contracts for the technology. For out of warranty services, SASI uses the in-house IT staff for primary repairs. Salary along with spare parts purchases have been included in the Maintenance expenditures for both Year 4 and 5 of the Worksheet Summary.

**E-RATE IMPLEMENTATION DESCRIPTION: RETROFITTING
SHIPROCK ALTERNATIVE HIGH SCHOOL
MAY 7, 2002**

During School Year 2001-2002, Shiprock Alternative High School budgeted and spent \$ 1,609,710.00 for the electrical infrastructure to ensure adequate power for the advancement of technology. In addition to the electrical upgrade, SASI spent \$ 402,522.00 for demolition and \$ 12,000.00 for upgrading the HVAC.

These dollar figures were submitted under SASI's Income Financial Statement. For clarification purposes, SASI is re-submitting the Worksheet Summary to include the above retrofit expenditures for School Year 2001-2002. The revised expenditure is \$ 2,058,895.00 versus the original figure of \$ 34,718.00.

E-RATE IMPLEMENTATION DESCRIPTION: SOFTWARE
SHIPROCK ALTERNATIVE HIGH SCHOOL
May 7, 2002

During School Year 2001-2002, Shiprock Alternative High School (SASI) acquired several software applications for both the existing and new computers. **The total expenditures for this software totaled \$ 98,026.64.** The funds for the software were budgeted under the "New Construction" category.

List of Current Software Educational Applications:

- a. Jasc Paint Shop PRO
- b. Macromedia Dreamweaver
- c. STAR Math
- d. STAR Reading
- e. Accelerated Reader 5.0
- f. Accelerated Math
- g. Perfect Copy High School Edition
- h. Perfect Copy Grades 1-8
- i. Adobe PageMaker 7.0
- j. Microsoft Office XP Professional

List of Current Administrative Educational Applications:

- a. Microsoft Office XP Professional
- b. Microsoft Windows 2000 Professional OEM
- c. Microsoft Outlook E-mail client
- d. Novell Client 32
- e. Novell Operating System
- f. Follett Library System
- g. SchoolSpace Student Information System

Item 25 Worksheet Summary**Funding Year 5
(2002-2003)**

Please Add Subtotals of Sections I through VI

Section I: Connectivity**I-A. Commitment Amount Requested**

• Telecom	1	\$47,622.06
• Internet Access	2	\$-
• Internal Connections	3	\$1,834,062.30

Total of Funding Requests (I-A)	4	\$1,881,684.36
--	----------	-----------------------

I-B. Form 471 Applicant's Share

• Telecom	5	\$5,291.34
• Internet Access	6	\$-
• Internal Connections	7	\$203,784.70

Total of Applicant Share (I-B)	8	\$209,076.04
---------------------------------------	----------	---------------------

I-C. Amounts not covered by USF Program

• Telecom	9	\$
• Internet Access	10	\$
• Internal Connections	11	\$

Total of Amounts Not Covered (I-C)	12	\$
---	-----------	-----------

Total Connectivity (I-A + I-B + I-C)	\$	\$2,090,760.40
---	-----------	-----------------------

Section II: Hardware**II-A. Number of Computers Connected**

13a. # 80 (Fiscal Year 2001-02)	13 b. # 343 (Fiscal Year 2002-03)
------------------------------------	--------------------------------------

II-B. Applicant Expenditure

14a. \$ 682,267.91	14 b. \$ 3,500
--------------------	----------------

II-C. Contribution / In-Kind Donations

15a. \$	15 b. \$
---------	----------

Total Hardware (II-B + II-C)	16a. \$ 682,267.91	16 b. \$ 3,500
-------------------------------------	---------------------------	-----------------------

Section III: Professional Development**III-A. Staff Training Hours (Total 100%):**

0-5 Hrs. ___ % 5-15 Hrs. ___ % 15-25 Hrs. 20 % 25-50 Hrs. 78 % 50+ Hrs. 2 %

III-B. Applicant Expenditure

18a. \$ 5,000	18b. \$ 45,000
---------------	----------------

III-C. Contribution / In-Kind Donations

19a. \$	19b. \$
---------	---------

Total Professional Development (III-B + III-C)	20a. \$ 5,000.00	20b. \$ 45,000.00
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Section IV: Software**IV-A. Applicant Expenditure**

21a. \$ 67,801	21b. \$ 10,000
----------------	----------------

IV-B. Contribution / In-Kind Donations

22a. \$	22b. \$
---------	---------

Total Software (IV-A + IV-B)	23a. \$ 67,801.00	23b. \$ 10,000.00
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Section V: Retrofitting**V-A. Applicant Expenditure**

24a. \$ 34,718	24b. \$ 0
----------------	-----------

V-B. Contribution / In-Kind Donations

25a. \$	25b. \$
---------	---------

Total Retrofitting (V-A + V-B)	26a. \$ 34,718.00	26b. \$ 0
---------------------------------------	--------------------------	------------------

Section VI: Maintenance**VI-A. Applicant Expenditure**

27a. \$ 56,000	27b. \$ 78,675
----------------	----------------

VI-B. Contribution / In-Kind Donations

28a. \$	28b. \$
---------	---------

Total Maintenance (VI-A + VI-B)	29a. \$ 56,000.00	29b. \$ 78,675.00
--	--------------------------	--------------------------

Total of E-Rate Initiative (Total of Section I to VI)	30a. \$ 845,786.91	30b. \$ 2,227,935.40
--	---------------------------	-----------------------------

Technology Implementation Level (Enter Number of schools/libraries at each level from worksheet)

Level 1 current:	Level 2 current:	Level 3 current: 1	Level 4 current:
Level 1 by 6/30/03:	Level 2 by 6/30/03:	Level 3 by 6/30/03:	Level 4 by 6/30/03: 1
		23 rooms, 80computers	47 rooms, 343computers

RESOURCE PLAN: FAX BACK PAGE 2

Resource Plans: On this worksheet you are asked to estimate any relevant investments in the resources you need to make effective use of requested E-rate services that happened prior to the years covered on the *Item 25 Worksheet Summary: Fax Back Page 1*. Please use this space, or attach an additional page, to provide both narrative information about both your plans and strategies for securing the necessary resources to make effective use of the requested services and previous years' investments in technology. You may use the space below to cross reference sections of your approved technology plan, your budget, or other relevant documentation. If you do not yet have an approved technology plan, please describe your strategy for obtaining approval from an SLD certified Technology Plan Approver. If you have made a significant investment in technology prior to the last fiscal year, please summarize these resources that are already in place. If you have applied for matching funds or grants from other sources that have not been approved yet, please note it. Include all information about resources that you have available to make use of the E-rate program. Important: Please indicate any and all resources in place from prior Funding Year(s) using E-Rate dollars in any of the categories.

In Fiscal Year 2000, we were awarded a \$23.9 million dollar New School Construction Grant to build a brand new K-12 school. The design and subsequent construction of this facility budgeted \$1,609,710 for the electrical infrastructure to ensure adequate power for the advancement of technology. This construction will be completed May, 2002.

Our request for the use of Year 5 e-rate funds will expand upon the initial work done under the New School Construction project by adding on-demand digital video retrieval capabilities to every classroom, distance learning capabilities to every classroom as well as the needed infrastructure to our new and existing facilities. This will allow us to have fiber-optic connections to every classroom as well as to the existing facilities which will be used for the residential students as well as the recently approved vocational component for next school year.

Our technology plan approved by the Board of Directors this year encompasses all areas of the technology implementation to make effective use of our previous investments as well as the e-rate funds being applied for. This plan prescribes a staff development plan to ensure that all staff members and students are provided the necessary training to ensure effective use of this technology. To this end the approved Technology Plan provides two (2) FTE positions to concentrate on the education and use of this technology. The Director of Information Technology will oversee the entire technology component and ensure that the goals and objectives contained in the Technology Plan are met. The Director of Information Technology will also be responsible for the network configuration, operation and maintenance of all equipment. Secondly, an Educational Technology Facilitator position is created for the sole purpose of providing necessary training to both students and staff members on the curricular integration of technology. This individual will report to the Director of Information Technology and will provide team teaching opportunities with regular classroom teachers, individual and group instruction with students. Funds for these two positions have been budgeted for FY 03.

E-RATE IMPLEMENTATION DESCRIPTION: FAX BACK PAGE 3

E-rate Implementation: On this worksheet please describe your overall strategy for implementing your E-rate requests this year, noting especially any differences if not all of your facilities are at the same technology implementation level. Please give us an overall picture of what you are trying to accomplish so that we can better understand how the requested services will work in conjunction with the resources that you have identified throughout this document.

The E-rate requests this year will provide all the internal connections for the new school facility as well as necessary infrastructure upgrades for internal connections to the existing facilities. This will allow full connectivity throughout our campus so that all students will have current high-speed access to the Internet as well as distance learning and on-demand digital video capabilities. The Internal connections being requested will provide fiber-optic 1 GB/s links to each classroom and 100 Mb/s to each student workstation. There will be over 350 workstations connected to this infrastructure and the bandwidth available through this funding request will be sufficient for both the demands of daily Internet usage as well as high-bandwidth applications such as distance learning and digital video.

A e-mail server will provide students and staff members opportunities to network with peers in their field as well as experts in certain academic disciplines. The overall goal of the Technology Plan is to fully integrate technology into the curriculum, not as individual classes, but as a modern tool for both students and staff members to use to further enhance learning objectives and opportunities.

Although we have had basic web access in the past on a limited number of computers, full implementation of the use of this E-rate funding request will provide all students and staff members equal opportunity to utilize this technology at any time it is needed rather than having to schedule use of limited resources. To this end, we have made significant investments in the past fiscal year to prepare for full implementation of our technology plan.

E-RATE IMPLEMENTATION DESCRIPTION: FAX BACK PAGE 4

Selective Review Information Request Completion Certification

If the applicant's authorized representative completed the information on this fax, please attach a copy of the letter of agency or other agreement between the applicant and consultant authorizing them to act on the school or library's behalf.

I certify that I prepared the responses to this fax.

Authorized signer: _____

Printed name of authorized signer: _____

Date: _____

Printed name and address of the named individual's employer: _____

Billed entity name: _____

Funding Year 5 Forms 471 application numbers: _____

Selective Review Information Request Checklist:

Remember to include all of the following in your response:

- ✓ Copies of contracts relating to the Form(s) 471.
- ✓ Copies of all requests for proposals.
- ✓ Complete copies of all bids that were received.
- ✓ Complete documentation regarding the process used for selecting your service provider(s).
- ✓ Copies of any consulting agreements.
- ✓ Correspondence between the consultant/service provider and the school/library regarding the competitive bidding process and the application process.
- ✓ Your technology plan.
- ✓ Fax Back Pages 1-4.
- ✓ Letter of agency or agreement if responder is authorized representative of the eligible entity, if required.



Universal Service Administrative Company
Schools & Libraries Division

FUNDING COMMITMENT DECISION LETTER

(Funding Year 2002: 07/01/2002-06/30/2003)

December 29, 2003

Removable Media Solutions, Inc.
Patty Sullivan
3235 Sunrise Blvd.
Suite 6
Rancho Cordova, CA 95742

Re: Service Provider Name: Removable Media Solutions, Inc.
Service Provider Identification Number: 143017430

Thank you for participating in the E-rate program for Funding Year 2002 (07/01/2002 - 06/30/2003). This letter is your notification of our decision(s) regarding applications that listed your company's Service Provider Identification Number (SPIN) as providing service(s) eligible for discounts.

ADDRESS INFORMATION

USAC needs to have current, complete and accurate contact and address information in order to properly make payments to service providers. The Form 498, Service Provider Information Form, is the official record of service provider contact and address information. If USAC determines that the contact or address information listed is not current, we will be unable to process payments.

The Form 498 and its instructions are available for download from the SLD web site at www.sl.universalservice.org under SL Forms; service provider forms are found toward the bottom of the page. The instructions are found to the right of the actual form. You may submit a Form 498 to revise contact and/or address information by fax to 703-653-7419; be sure to label your fax cover sheet "FORM 498 REVISION".

As was the case in previous program years, there are a number of steps that need to be completed in order to implement E-rate discounts. In an effort to expedite the process of implementing discounts, we are providing detailed information regarding the status of your customers' requests for discounts in the form of a series of Funding Commitment Reports. Attached are reports of our decisions made for customers listing your SPIN in their Form 471 applications. Each report contains detailed information extracted from the applicant's Form 471, as well as an explanation of our decision regarding their Discount Funding Request.

NEXT STEPS

Once you've reviewed this letter, we urge you to contact your customers to begin any necessary arrangements regarding start of services, billing of discounts or any other administrative details for implementation of E-rate services. As a reminder, only eligible services delivered in accordance with Federal Communications Commission (FCC) rules on service delivery periods are eligible for these discounts. Applicants have been encouraged to contact you regarding their E-rate commitments. After applicants have received their Funding Commitment Decision Letter, they will be required to file FCC Form 486, "Receipt of Service Confirmation Form." We will send you a Form 486 Notification Letter when we receive a Form 486 from applicants who cite your SPIN, and will also provide guidance on how to invoice the Schools and Libraries Division (SLD) for reimbursement of discounts for services listed in the respective Form 486. The Form 486 dated August 2003 in the lower right corner MUST be used for ALL Funding

Years. Submissions of earlier versions of the Form 486 will be returned to the applicant and will not be able to be processed.

The Children's Internet Protection Act requires applicants to use the Form 486 to certify their compliance status. The law requires schools and libraries that receive Universal Service discounts for certain services to adopt an Internet safety policy incorporating the use of filtering or blocking technology on computers with Internet access as a condition of receiving those discounts.

NEW DEADLINES FOR INVOICES. After a Form 486 has been properly filed, the SLD must receive an invoice from either the applicant or the service provider in order to make payments for approved discounts on eligible services. Form 472, Billed Entity Applicant Reimbursement (BEAR) Form, is filed by the applicant; Form 474, Service Provider Invoice Form, is filed by the service provider. Invoices must be postmarked no later than 120 days after the last date to receive service or no later than 120 days after the date of the Form 486 Notification Letter, whichever is later. If an invoice is postmarked after the later of those two dates, payment will be denied.

Any appeal of the funding decisions detailed in a Funding Commitment Decision Letter must be postmarked within 60 days of the date on the Funding Commitment Decision Letter. Information on the appeal process can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site <www.sl.universalservice.org>. Therefore, prompt communication with your customer is essential.

NOTICE ON RULES AND FUNDS AVAILABILITY

Applicants' receipt of funding commitments is contingent on their compliance with all statutory, regulatory, and procedural requirements of the universal service mechanisms for schools and libraries. FCC Form 471 applicants who have received funding commitments continue to be subject to audits and other reviews that the SLD or the Federal Communications Commission may undertake periodically to assure that funds have been committed and are being used in accordance with all such requirements. If the SLD subsequently determines that its commitment was erroneously issued due to action or inaction, including but not limited to that by the SLD, the applicant, or service provider, and that the action or inaction was not in accordance with such requirements, the SLD may be required to cancel those funding commitments and seek repayment of any funds disbursed not in accordance with such requirements. The SLD, and other appropriate authorities (including but not limited to USAC and the FCC), may pursue enforcement actions and other means of recourse to collect erroneously disbursed funds. The timing of payment of invoices may also be affected by the availability of funds based on the amount of funds collected from contributing telecommunications companies.

Thank you for the work you are doing to connect our schools and libraries through advanced telecommunications services.

Sincerely,

Schools and Libraries Division
Universal Service Administrative Company

Enclosures

A GUIDE TO THE FUNDING COMMITMENT REPORT

Attached to this letter will be a report for each E-rate funding request featuring your SPIN. We are providing the following definitions.

FUNDING REQUEST NUMBER (FRN): A Funding Request Number is assigned by the SLD to each Block 5 of the applicant's Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

FORM 471 APPLICATION NUMBER: A unique identifier assigned to a Form 471 application by the SLD.

FORM 470 APPLICATION NUMBER: A unique identifier assigned by the SLD to a Form 470 as listed in Block 5, Item 12 of the Form 471.

NAME OF 471 APPLICANT: Name of entity that applied to the SLD, from Item 1 of the Form 471.

ADDRESS OF 471 APPLICANT: Address of entity that applied to the SLD from Item 1 of the Form 471. Includes street address and city, state and zip code.

ENTITY NUMBER: A unique identifier assigned by the SLD for the applicant.

NAME OF CONTACT PERSON: The name of the contact person from Block 1, Item 6 of the Form 471.

PREFERRED MODE OF CONTACT: i.e., telephone, fax, or e-mail.

CONTACT INFORMATION: i.e., telephone number, fax number, or e-mail address based on preferred mode of contact.

FUNDING YEAR: The funding year for which discounts have been requested.

FUNDING STATUS: Each FRN will have one of the following definitions:

1. An FRN that is "Funded" will be approved at the level that the SLD determined is appropriate for that item. The funding level will generally be the level requested unless the SLD determined during the application review process that some adjustment is appropriate.
2. An FRN that is "Not Funded" is one for which no funds will be committed. The reason for the decision will be briefly explained in the "Funding Commitment Decision," and amplification of that explanation may be offered in the section, "Funding Commitment Decision Explanation." An FRN may be "Not Funded" because the request does not comply with program rules or because the total amount of funding available for this funding year was insufficient to fund all requests.

CONTRACT NUMBER: The number of the contract between the eligible party and the service provider. This will be present only if a contract number was provided on Form 471.

SERVICES ORDERED: The type of service ordered from the service provider, as shown on Form 471.

SITE IDENTIFIER: The Entity Number listed in Form 471, Block 5, Item 22a will be listed. This will appear only for "site specific" FRNs.

BILLING ACCOUNT NUMBER: The account number that you have established with your customer for billing purposes. This will be present only if a Billing Account Number was provided on Form 471.

ALLOWABLE VENDOR SELECTION / CONTRACT DATE: The earliest date the applicant was permitted to sign a contract for services after posting a Form 470.

CONTRACT AWARD DATE: The date that the contract for this service was awarded.

EARLIEST POSSIBLE EFFECTIVE DATE OF DISCOUNT: The first possible date of service for which the SLD will reimburse service providers for the discounts for the service.

CONTRACT EXPIRATION DATE: The date the contract expires. This will be present only if a contract expiration date was provided on Form 471.

MONTHLY RECURRING CHARGES: The total monthly charges for the recurring service.

PORTION OF MONTHLY RECURRING CHARGES THAT IS INELIGIBLE: Total charges associated with ANY ineligible services, entities, or uses included in the monthly recurring charges for this service.

ELIGIBLE MONTHLY PRE-DISCOUNT AMOUNT FOR RECURRING CHARGES: Total eligible monthly recurring charges approved for the funding year.

NUMBER OF MONTHS RECURRING SERVICE PROVIDED IN FUNDING YEAR: Number of months the service will be provided in the funding year.

ANNUAL PRE-DISCOUNT AMOUNT FOR ELIGIBLE RECURRING CHARGES: Eligible monthly pre-discount amount for recurring charges multiplied by number of months recurring service provided in the funding year.

ANNUAL NON-RECURRING CHARGES: The total amount of non-recurring (one-time) pre-discount charges for this service.

PORTION OF ANNUAL NON-RECURRING CHARGES THAT IS INELIGIBLE: Total cost associated with ANY ineligible services, entities, or uses included in the annual non-recurring charges.

ANNUAL PRE-DISCOUNT AMOUNT FOR ELIGIBLE NON-RECURRING CHARGES: Annual eligible non-recurring charges approved for the funding year.

TOTAL PROGRAM YEAR PRE-DISCOUNT AMOUNT: The total eligible recurring and non-recurring charges under the program for the funding year.

APPLICANT'S APPROVED DISCOUNT PERCENTAGE: This is the discount rate that the SLD has approved for this service.

FUNDING COMMITMENT DECISION: This represents the total amount of funding that the SLD has reserved to reimburse you for the approved discounts for this service through the pertinent funding year service delivery date. It is important that you and the Form 471 applicant both recognize that the SLD should be invoiced and the SLD may direct disbursement of discounts only for eligible, approved services actually delivered and installed.

FUNDING COMMITMENT DECISION EXPLANATION: This entry may amplify the comment in the "Funding Commitment Decision" area.

TECHNOLOGY PLAN APPROVAL STATUS: This reports whether the applicant indicated in Block 6, Item 27 of the Form 471 that the technology plans of the entities included in the Form 471 application have received approval, are pending, or are not needed. Consortium applications may feature both "approved" and "pending approval" status.

WAVE NUMBER: The number of the grouped mailing in which the applicant's Funding Commitment Decision Letter was included.

APPLICANT LETTER DATE: The date on the applicant's Funding Commitment Decision Letter.

FUNDING COMMITMENT REPORT

Service Provider Name: Removable Media Solutions, Inc.
Service Provider Identification Number: 143017430

Funding Request Number: 780744
Form 471 Application Number: 299171
Form 470 Application Number: 961500000393140
Name of 471 Applicant: SHIPROCK ALTERNATIVE HIGH SCH
Applicant Street Address: PO BOX 1809
Applicant City: SHIPROCK
Applicant State: NM
Applicant Zip: 87420-1809
Entity Number: 99258
Name of Contact Person: Dr. Eugene Thomas
Preferred Mode of Contact: EMAIL
Contact Information: gene.thomas@highstream.net
Funding Year: 2002 (07/01/2002 - 06/30/2003)
Funding Status: Funded
Contract Number: n/a
Services Ordered: Internal Connections
Site Identifier: 99258
Billing Account Number: 520.368.5144
Allowable Vendor Selection/Contract Date: 01/03/2002
Contract Award Date: 01/10/2002
Earliest Possible Effective Date of Discount: 07/01/2002
Contract Expiration Date: 06/30/2003
Monthly Recurring Charges: \$0.00
Portion of Monthly Recurring Charges that is Ineligible: \$0.00
Eligible Monthly Pre-Discount Amount for Recurring Charges: \$0.00
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: \$0.00
Annual Non-Recurring Charges: \$2037847.00
Portion of Annual Non-Recurring Charges that is Ineligible: \$0.00
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: \$2037847.00
Total Program Year Pre-Discount Amount: \$2037847.00
Applicant's Approved Discount Percentage: 90
Funding Commitment Decision: \$1834062.30 - FRN approved as submitted
Technology Plan Approval Status: Approved
Wave Number: 30F
Applicant Letter Date: 12/29/2003

Schools and Libraries Universal Service Receipt of Service Confirmation Form

FCC Form 486: To be completed by the Billed Entity
Please read instructions before completing.

Estimated Average Burden Hours For First Submission: 15.0 hours
For Subsequent Submissions: 1.5 hours

Applicant's Form Identifier SASI - 01 - 02 (Create your own code to identify THIS Form 486.)	Form 486 Application # 0 (To be inserted by Fund Administrator)
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Block 1: Billed Entity Information

1. Name of Billed Entity SHIPROCK ALTERNATIVE HIGH SCHL		
2. Billed Entity Number 99258	3. Funding Year 2002	
4. Complete Mailing Address of Billed Entity Street Address, P.O. Box or Route Number PO BOX 1809		
City SHIPROCK		
State NM	Zip Code 87420 1809	
Telephone Number 505 368 5114	Extension 5114	Fax Number 505 368 2076
Email Address SHUNSINGER@SASI.BIA.EDU		



Entity Number 99258 Applicant's Form Identifier SASI-01-02
Contact Person DR. EUGENE THOMAS Phone Number 928.527.1435

5. Contact Person Information

Contact Person Name

DR EUGENE THOMAS

Street Address, P.O. Box or Route Number

9105 E SUNBEAM DRIVE

City

FLAGSTAFF

State Zip Code

AZ 86004

Check the box next to the preferred mode of contact. (At least one box **MUST** be checked.)

Telephone Number

Extension

Fax Number

928 527 1435

928 962 9205

☒ Email Address

GENE_THOMAS@HIGHSTREAM.NET

Persons willfully making false statements on this form can be punished by fine or forfeiture, under the Communications Act, 47 U.S.C. Secs. 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. Sec. 1001.

NOTICE: The collection of information stems from the Commission's authority under Section 254 of the Communications Act of 1934, as amended, 47 U.S.C. § 254. The data in the form will be used to inform the Schools and Libraries Division of the Universal Service Administrative Company that a billed entity, and/or the schools and libraries that it represents, has begun or has planned to begin to receive service after receiving a funding commitment approval pursuant to FCC Form 471.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The FCC is authorized under the Communications Act of 1934, as amended, to collect the information we request in this form. We will use the information you provide to determine whether approving this application is in the public interest. If we believe there may be a violation or potential violation of an FCC statute, regulation, rule or order, your application may be referred to the federal, state, or local agency responsible for investigating, prosecuting, enforcing or implementing the statute, rule, regulation or order. In certain cases, the information in your application may be disclosed to the Department of Justice or a court or adjudicative body when (a) the FCC; or (b) any employee of the FCC; or (c) the United States Government, is a party in a proceeding before the body or has an interest in the proceeding. In addition, consistent with the Communications Act of 1934, FCC regulations and orders, the Freedom of Information Act, 5 U.S.C. § 552, or other applicable law, information provided in or submitted with this form or in response to subsequent inquiries may be disclosed to the public.

If you do not provide the information requested on the form, your application may be returned without action or your application may be delayed.

The foregoing Notice is required by the Paperwork Reduction Act of 1995, Pub. L. No. 104-13, 44 U.S.C. § 3501, et seq.

Public reporting burden for this collection of information is estimated to average 15.0 hours for the first submission and 1.5 hours for subsequent submissions, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, completing, and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the reporting burden, to the Federal Communications Commission, Performance Evaluation and Records Management, Washington, D.C. 20554.



Entity Number

99258

Applicant's Form Identifier

SASI-01-02

Contact Person

DR. EUGENE THOMAS

Phone Number

928.527.1435

Block 2: Early Filing Information and CIPA Waiver Requests**6a. Early Filing**

CHECK THE BOX BELOW IF THE FRNS ON THIS FORM 486 ARE FOR SERVICES STARTING *ON OR BEFORE* JULY 31 OF THE FUNDING YEAR.

The Funding Requests listed in Block 3 have been approved by SLD as shown in my Funding Commitment Decision Letter (FCDL). I have confirmed with the service provider(s) featured in those Funding Requests that these services will start on or before July 31 of the Funding Year.

Remember: Early filing using Item 6a is an option if and ONLY if services will start within the month of July of the relevant Funding Year, all relevant certifications in Block 4 can be accurately made, and the Form 486 is postmarked on or before July 31 of the Funding Year.

6b. CIPA Waiver

CHECK THE BOX BELOW IF YOU ARE REQUESTING A WAIVER OF CIPA REQUIREMENTS FOR THE SECOND FUNDING YEAR AFTER APRIL 20, 2001 IN WHICH YOU HAVE APPLIED FOR DISCOUNTS IF YOU AS THE BILLED ENTITY ARE THE ADMINISTRATIVE AUTHORITY.

I am providing notification that, as of the date of the start of discounted services, I am unable to make the certifications required by the Children's Internet Protection Act, as codified at 47 U.S.C. § 254(h) and (l), because my state or local procurement rules or regulations or competitive bidding requirements prevent the making of the certification(s) otherwise required. I certify that the schools or libraries represented in the Funding Request Number(s) on this Form 486 will be brought into compliance with the CIPA requirements before the start of the Third Funding Year after April 20, 2001 in which they apply for discounts.

6c. CIPA Waiver for Libraries for Funding Year 2004

CHECK THE BOX BELOW IF YOU ARE REQUESTING A WAIVER OF CIPA REQUIREMENTS FOR FUNDING YEAR 2004 IF YOU AS THE BILLED ENTITY ARE THE ADMINISTRATIVE AUTHORITY FOR THE LIBRARY(IES) REPRESENTED ON THIS FORM 486.

I am providing notification that, as of the date of the start of discounted services in Funding Year 2004, I am unable to make the certifications required by the Children's Internet Protection Act, as codified at 47 U.S.C. § 254(h) and (l), because my state or local procurement rules or regulations or competitive bidding requirements prevent the making of the certification(s) otherwise required. I certify that the libraries represented in the Funding Request Number(s) on this Form 486 will be brought into compliance with the CIPA requirements before the start of the Funding Year 2005.



Entity Number <u>99258</u> Contact Person <u>DR. EUGENE THOMAS</u>	Applicant's Form Identifier <u>SASI-01-02</u> Phone Number <u>928.527.1435</u>
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Block 3: Service Information

7. Please provide the following information for each Form 471 Block 5 (Discount Funding Request) item for which the Billed Entity is indicating that the named service provider may begin submitting invoices to SLD. You will need your FCDL for some of the information required below.
 Remember: The FRNs listed below must be from the same Funding Year as is listed in Block 1, Item 3.
 If you need additional pages, please label them 4A, 4B, 4C, etc. and indicate the number in the space provided here: Page 4

	(A) 471 Application Number From FCDL	(B) Funding Request Number (FRN) From FCDL	(C) Billing Account Number (if contained on your FCDL)	(D) Service Provider Name From FCDL	(E) Service Provider Identification Number (SPIN) From FCDL	(F) Funding Year Service Start Date* (Earliest Date that Discounts Will Begin) (*Cannot be before July 1 of the Funding Year for which you are requesting discounts.)
1	0000299171	0000780744	505- 368-5114	REMOVABLE MEDIA SOLUTIONS INC.	143017430	07012002
2						
3						
4						
5						
6						
7						
8						



Entity Number 99258 Applicant's Form Identifier SASI-01-02
Contact Person DR EIGENE THOMAS Phone Number 928.527.1435

Block 4: Certifications and Signature

8. I certify that the technology plan(s) for the services received as indicated on this Form 486 have been approved as necessary. Fill in the name(s) of the organization(s) that reviewed and approved a technology plan for any eligible entity that is receiving services covered under this form; attach an additional list if necessary. If ALL of the FRNs listed herein are for basic telephone service only, write in "none" here.

BUREAU OF INDIAN AFFAIRS

9. I certify that the services listed on this Form 486 have been, are planned to be, or are being provided to all or some of the eligible entities identified in the Form 471 application(s) cited above. I certify that there are signed contracts covering all of the services listed on this Form 486 except for those services provided under tariff or month-to-month arrangements. I certify that I am authorized to submit this receipt of service confirmation on behalf of the above-named Billed Entity, that I have examined this request, and that, to the best of my knowledge, information, and belief, all statements of fact contained herein are true.

10. I understand that the discount level used for shared services is conditional, for future years, upon ensuring that the most disadvantaged schools and libraries that are treated as sharing in the services receive an appropriate share of benefits from those services. I recognize that I may be audited pursuant to this application and will retain for five years any and all records, including Forms 479 where required, that I rely upon to complete this form and, if audited, will make available to the Administrator such records.

NOTES FOR COMPLETING THE CERTIFICATIONS IN ITEM 11

A Billed Entity who is the Administrative Authority must check Item 11a or 11b or 11c. Check only ONE item. If the Billed Entity is not the Administrative Authority, skip to Item 11d.

A Billed Entity who represents one or more Administrative Authorities must check Item 11d or 11e. (See the Form 486 Instructions for Item 11, "Special Notes for Billed Entities Who Represent One or More Administrative Authorities.")

A Billed Entity who represents one or more Administrative Authorities in Funding Years after Funding Year 2001 and who checks Item 11d must check Item 11f or 11g. (See the Form 486 Instructions for Item 11, "Special Notes for Billed Entities Who Represent One or More Administrative Authorities.")

IF THIS FORM PERTAINS TO A FUNDING YEAR PRIOR TO FUNDING YEAR 2001 (THE FUNDING YEAR BEGINNING JULY 1, 2001), SKIP TO ITEM 12.



Entity Number 99258 Applicant's Form Identifier SASI-01-02
Contact Person DR. EUGENE THOMAS Phone Number 928.527.1435

11. FOR A BILLED ENTITY WHO IS THE ADMINISTRATIVE AUTHORITY:

I certify that as of the date of the start of discounted services:

- a. the recipient(s) of service represented in the Funding Request Number(s) on this Form 486 has (have) complied with the requirements of the Children's Internet Protection Act, as codified at 47 U.S.C. § 254(h) and (l).
b. ☒ pursuant to the Children's Internet Protection Act, as codified at 47 U.S.C. § 254(h) and (l), the recipient(s) of service represented in the Funding Request Number(s) on this Form 486:

(FOR SCHOOLS and FOR LIBRARIES IN THE FIRST FUNDING YEAR FOR PURPOSES OF CIPA) is (are) undertaking such actions, including any necessary procurement procedures, to comply with the requirements of CIPA for the next funding year, but has (have) not completed all requirements of CIPA for this funding year.

(FOR FUNDING YEAR 2003 ONLY: FOR LIBRARIES IN THE SECOND OR THIRD FUNDING YEAR FOR PURPOSES OF CIPA) is (are) in compliance with the requirements of CIPA under 47 U.S.C. § 254(l) and undertaking such actions, including any necessary procurement procedures, to comply with the requirements of CIPA under 47 U.S.C. § 254(h) for the next funding year.

- c. the Children's Internet Protection Act, as codified at 47 U.S.C. § 254(h) and (l), does not apply because the recipient(s) of service represented in the Funding Request Number(s) on this Form 486 is (are) receiving discount services only for telecommunications services.

FOR A BILLED ENTITY WHO REPRESENTS ONE OR MORE ADMINISTRATIVE AUTHORITIES¹:

- d. I certify as the Billed Entity for the consortium that I have collected duly completed and signed Forms 479 from all eligible members of the consortium.
e. I certify as the Billed Entity for the consortium that the only services that have been approved for discounts under the universal service support mechanism on behalf of eligible members of the consortium are telecommunications services, and therefore the requirements of the Children's Internet Protection Act, as codified at 47 U.S.C. § 254(h) and (l), do not apply.

For Funding Years after Funding Year 2001: If you checked Item 11d above, check ONE of the boxes below:

- f. I certify that some or all of the eligible consortium members checked Form 479 Item 6d or Item 6e to seek a CIPA Waiver, and upon request from the Administrator I can provide this information; OR
g. I certify that no eligible consortium members checked Form 479 Item 6d or Item 6e to seek a CIPA Waiver.

The certification language above is not intended to fully set forth or explain all the requirements of the statute.

¹ See the Form 486 Instructions for Item 11, "Special Notes for Billed Entities Who Represent One or More Administrative Authorities."



0 4 8 6 0 1 0 6 0 3

Entity Number 99258 Applicant's Form Identifier SASI-01-02
Contact Person DR. EUGENE THOMAS Phone Number 928.527.1435

I certify that I am authorized to submit this receipt of service confirmation on behalf of the above-named Billed Entity, that I have examined this request, and that, to the best of my knowledge, information, and belief, all statements of fact contained herein are true.

12. Signature of authorized person [Signature] 13. Date 01072004

14. Printed name of authorized person
SCOTT HUNSINGER

15. Title or position of authorized person
DIRECTOR OF INFORMATION TECH

16a. Street Address, P.O. Box, or Route Number

PO BOX 1809

City

SHIPROCK

State

Zip Code

NM 87420

16b. Telephone number of authorized person

Extension

16c. Fax number of authorized person

505 368 2114

505 368 2076

16d. Email address of authorized person

SHUNSINGER@SASI.BIA.EDU

Please submit this form to:

SLD-Form 486
P. O. Box 7026
Lawrence, Kansas 66044-7026

For express delivery services or U.S. Postal Service, Return Receipt Requested, send this form to:

SLD-Form 486
c/o Ms. Smith
3833 Greenway Drive
Lawrence, Kansas 66046
888-203-8100





Universal Service Administrative Company
Schools & Libraries Division

FORM 486 NOTIFICATION LETTER
(Funding Year 2002: 07/01/2002 - 06/30/2003)

February 11, 2004

Removable Media Solutions, Inc.
Patty Sullivan
3235 Sunrise Blvd.
Suite 6
Rancho Cordova, CA 95742

Re: Service Provider Name: Removable Media Solutions, Inc.
Service Provider Identification Number: 143017430

This letter is to notify you that the Schools and Libraries Division (SLD) has received and accepted FCC Form(s) 486, Receipt of Service Confirmation Form, from Billed Entities who filed FCC Form(s) 471 listing your company's Service Provider Identification Number (SPIN). You may begin to submit invoices to the SLD for the services covered by the Form(s) 486. You may submit invoices only after you have provided the service during the Funding Year, billed the customer, and - for BEAR Forms - been paid by your customer.

NEXT STEPS

- Work with your customer to establish discounts (SPI) or reimbursements (BEAR)
- Invoice the SLD -
 - applicant invoice is BEAR Form for reimbursements
 - service provider invoice is SPI Form for discounts
- Bill customer for total, or non-discount portion, as appropriate, and as stated in program rules
- Maintain ALL documentation, as stated in program rules

You may be receiving this letter to revise or correct a previous Form 486 Notification Letter. The information contained in this letter supersedes any previous notification you may have received, including, but not limited to, a previously adjusted Service Start Date or previously reduced funding commitment.

NOTICE ON SERVICE START DATE

There may be some situations where the Service Start Date as reflected on this letter has been changed from what the applicant indicated on the Form 486. Such changes are made by the SLD to be sure that the Service Start Date is in compliance with program rules. You will know that a change has been made if there is an asterisk next to the Service Start Date. If the SLD changed the Service Start Date, this change may have triggered a reduction in the funding commitment. Whatever Service Start Date and funding commitment amount are listed, it is important that you and your customer both recognize

that the SLD should be invoiced and the SLD may direct disbursement of the discounts only on eligible, approved products and/or services actually delivered and installed on or after the Service Start Date indicated on this letter.

Any appeal of the change in Service Start Date or funding commitment amount detailed in a Form 486 Notification Letter must be postmarked within 60 days of the date of this Form 486 Notification Letter. Further information regarding filing an appeal with the SLD or the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site at www.sl.universalservice.org. Therefore, prompt communication with your customer is essential.

ELECTRONIC FILING OF INVOICES

Service providers are strongly encouraged to bill the SLD using electronic invoicing. "Electronic Invoicing Procedures" are included in the Service Provider Manual, which is available in the "Service Provider" area of the SLD web site. You may also invoice the SLD by submitting a SPI Form online or by mail.

INVOICE GUIDELINES AND ANNUAL CERTIFICATION

Invoices may include as many line items as service providers wish, covering many customers or just one, and covering as long or short a period as needed for recovering discounts on services rendered.

NOTICE ON RULES AND FUNDS AVAILABILITY

Applicants' receipt of funding commitments is contingent on their compliance with all statutory, regulatory, and procedural requirements of the Schools and Libraries Universal Service Support Mechanism. Applicants who have received funding commitments continue to be subject to audits and other reviews that the SLD and/or the FCC may undertake periodically to assure that funds that have been committed are being used in accordance with all such requirements. The SLD may be required to reduce or cancel funding commitments that were not issued in accordance with such requirements, whether due to action or inaction, including but not limited to that by the SLD, the applicant, or the service provider. The SLD, and other appropriate authorities (including but not limited to USAC and the FCC), may pursue enforcement actions and other means of recourse to collect erroneously disbursed funds. The timing of payment of invoices may also be affected by the availability of funds based on the amount of funds collected from contributing telecommunications companies.

A GUIDE TO THE FORM 486 NOTIFICATION LETTER FUNDING COMMITMENT REPORT

A report for each of the FRNs under which you are providing service and for which the applicant has notified us that it is receiving service or has confirmed with you that it will receive service is attached to this letter. We are providing the following definitions for the items in that report.

Funding Request Number (FRN): A Funding Request Number is assigned by the SLD to each Block 5 of the applicant's Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount requests submitted on a Form 471.

Form 471 Application Number: A unique identifier assigned to a Form 471 application by the SLD.

Form 470 Application Number: A unique identifier assigned by the SLD to a Form 470 as listed in Block 5 of the Form 471.

Name of 471 Applicant: Name of entity that applied to the SLD, from Block 1, Item 1 of the Form 471.

Address of 471 Applicant: Address of entity that applied to the SLD, from Block 1, Item 1 of the Form 471. Includes street address and city, state and zip code.

Entity Number: A unique identifier assigned by the SLD to the Billed Entity, from Block 1, Item 3 of the Form 471.

Name of Form 471 Contact Person: The name of the contact person from Block 1, Item 6 of the Form 471.

Form 471 Preferred Mode of Contact: The preferred mode of contact from Block 1, Item 6 of the Form 471, i.e. , telephone, fax, or e-mail.

Form 471 Contact Information: The telephone number, fax number, or E-mail address based on preferred mode of contact.

Name of Form 486 Contact Person: The name of the contact person from Block 1, Item 5 of the Form 486.

Address of Form 486 Contact: The address of the contact person from Block 1, Item 5 of the Form 486.

Fax of Form 486 Contact: The fax number of the contact person from Block 1, Item 5 of the Form 486.

Telephone of Form 486 Contact: The telephone number of the contact person from Block 1, Item 5 of the Form 486.

E-mail Address of the Form 486 Contact: The e-mail address of the contact person from Block 1, Item 5 of the Form 486.

Funding Year: The funding year for which discounts have been approved. Funding years begin on July 1 and end on the following June 30. Funding years are designated by the calendar year in which they begin.

Contract Number: The number of the contract between the customer and the service provider. This will be present only if a contract number was provided on the Form 471.

Services Ordered: The type of service ordered from the service provider, as shown on Form 471, Block 5.

Billing Account Number: The account number that you have established with your customer for billing purposes. This will be present only if a Billing Account Number was provided on the Form 471.

Service Start Date: The date that service actually started or is scheduled to start. This is the earliest date of service for which the SLD will reimburse the service

provider for discounted services. If this date is marked with an asterisk, it was changed in compliance with program rules from what the applicant reported on the Form 486. This date as shown is controlling and no invoices will be paid for products and/or services delivered or installed prior to this date.

Service Start Date Change Explanation (SHOWN ONLY IF RELEVANT): If the Service Start Date is marked with an asterisk, this field will explain why the SLD changed the date. One of the following explanations may appear:

AVSCD: The Service Start Date may not be before the Allowable Vendor Selection/Contract Date (AVSCD) from the Form 470 cited for this FRN on the Form 471. If the applicant indicated an earlier SSD on the Form 486, the SLD changed the SSD to the AVSCD.

120-DAY 486 DEADLINE: Forms 486 must be postmarked no later than 120 days after the start of services or no later than 120 days after the date of the Funding Commitment Decision Letter (FCDL), whichever is later. If the Form 486 is postmarked after the later of those two dates, the SLD changed the SSD to the date 120 days before the Form 486 postmark date. That date will become the start date for discounted services.

Contract Expiration Date: The date the contract expires. This will be present only if a contract expiration date was provided on Form 471.

Total Program Year Pre-discount Amount: The total eligible recurring and non-recurring charges for the pertinent Funding Year.

Applicant's Approved Discount Percentage: This is the discount rate that the SLD approved for this service. The Discount Amount billed to the SLD should never be greater - and sometimes should be less - than the Total Program Year Pre-discount Amount multiplied by the Approved DiscountPercentage.

Funding Commitment Decision: This represents the total amount of funding that the SLD is now reserving to reimburse you for the discounts for this service through the end of the funding year as determined by FCC rules. If the SLD changed the Service Start Date, this change may have triggered a reduction in the funding commitment amount. It is important that you and your customer both recognize that the SLD should be invoiced and the SLD may direct disbursement of the discounts only on eligible, approved products and/or services actually delivered and installed.

FORM 486 NOTIFICATION LETTER
FUNDING COMMITMENT REPORT
(Funding Year 2002)

Service Provider Name: Removable Media Solutions, Inc.
Service Provider Identification Number: 143017430

Funding Request Number: 780744
Form 471 Application Number: 299171
Form 470 Application Number: 961500000393140
Name of 471 Applicant: SHIPROCK ALTERNATIVE HIGH SCH
Address of 471 Applicant: PO BOX 1809
Applicant City: SHIPROCK
Applicant State: NM
Applicant Zip: 87420-1809
Entity Number: 99258
Name of Form 471 Contact Person: Dr. Eugene Thomas
Form 471 Preferred Mode of Contact: E-MAIL
Form 471 Contact Information: gene_thomas@highstream.net
Name of Form 486 Contact Person: EUGENE THOMAS
Address of Form 486 Contact: 9105 E SUNBEAM DRIVE
City of Form 486 Contact: FLAGSTAFF
State of Form 486 Contact: AZ
Zip Code of Form 486 Contact: 86004
Fax of Form 486 Contact: 928-962-9205
Telephone of Form 486 Contact: 928-527-1435
E-mail Address of Form 486 Contact: GENE_THOMAS@HIGHSTREAM.NET
Funding Year: 07/01/2002 - 06/30/2003
Contract Number: n/a
Services Ordered: Internal Connections
Billing Account Number: 520.368.5144
Service Start Date: 07/01/2002
Contract Expiration Date: 06/30/2005
Total Program Year Pre-discount Amount: \$2,037,847.00
Applicant's Approved Discount Percentage: 90%
Funding Commitment Decision: \$1,834,062.30

IMPORTANT REMINDERS & DEADLINES

Date: February 11, 2004
SPIN: 143017430

The following information is provided to assist you throughout the application process. We recommend that you keep it in an easily accessible location and that you share it with the appropriate members of your organization.

FORM 473 - Invoices received by the SLD will not be paid unless the SLD has an FCC Form 473, Service Provider Annual Certification (SPAC), on file for the funding year associated with the invoice.

FORM 498 - USAC needs to have current, complete and accurate contact and address information in order to properly make payments to service providers. The FCC Form 498, Service Provider Information Form, is the official record of service provider contact and address information, and must be used to request any changes.

PROGRAM COMPLIANCE - Although this Form 486 has been fully data entered, the SLD will continue to review the compliance status of this Form 486, of each entity represented, and of each FRN listed. If the SLD discovers that the reported CIPA compliance status for an entity is not valid or that a required technology plan has not been approved by an SLD certified Technology Plan Approver, invoice line items featuring the affected FRNs will not be processed. Please refer to the SLD web site for complete information.

INVOICE DEADLINE - Invoices must be postmarked no later than 120 days after the last date to receive service - including extensions - or 120 days after the date of the Form 486 Notification Letter, whichever is later. Invoices should not be submitted until the invoiced products and/or services have been delivered and billed, and (for BEAR Forms) the provider has been paid. Work with your customers to establish whether discounts will appear on bills or whether they will be reimbursed. The SLD will process either discounts based on Form 474 (SPI) or reimbursements based on Form 472 (BEAR) for a given FRN. Once established, the selected invoicing method - SPIs or BEARs - must be used for the entire Funding Year.

REVIEW OF INVOICES FOR COMPLIANCE WITH PROGRAM RULES - Once an invoice is in the SLD system, it is reviewed - electronically and, in some cases, manually - for compliance with program rules. This review may include requests from our Program Integrity Assurance team to provide information in support of the invoice. Processing of invoices can take up to 90 days, although usually less.

OBLIGATION TO PAY NON-DISCOUNT PORTION - Applicants are required to pay the non-discount portion of the cost of the products and/or services. Service providers are required to bill applicants for the non-discount portion. The FCC has stated that requiring applicants to pay their share ensures efficiency and accountability in the program. If you are using a trade-in as part of your non-discount portion, please refer to the SLD web site.

"FREE" INELIGIBLE SERVICES - Applicants and service providers are prohibited from using approved discounts to subsidize ineligible or unrequested products and services. Please see the "Free Services Advisory" posted in the Reference Area of the SLD web site.

RETAIN DOCUMENTATION - Applicants and service providers must retain documentation including, but not limited to, documents showing:

- compliance with all applicable competitive bidding requirements,
- products and/or services delivered (e.g., customer bills detailing make, model and serial number),
- resources necessary to make effective use of E-rate discounts, including the purchase of equipment such as workstations not eligible for support,
- the specific location of each item of E-rate funded equipment, and
- the applicant has paid the non-discount portion.

These documents must be retained and available for review for five years.

Complete program information is posted to the Schools and Libraries Division (SLD) web site at www.sl.universalservice.org. Information is also available by contacting the SLD Client Service Bureau by e-mail at question@universalservice.org, by fax at 1-888-276-8736, or by phone at 1-888-203-8100.

**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of)	
)	
Request for Waiver of the Decision of the)	
Universal Service Administrator by)	
)	
Shiprock Alternative High School)	File No. SLD-299171
Flagstaff, Arizona)	
)	
Schools and Libraries Universal Service)	CC Docket No. 02-6
Support Mechanism)	

ORDER

Adopted: November 18, 2005

Released: November 18, 2005

By the Telecommunications Access Policy Division, Wireline Competition Bureau:

1. Removable Media Solutions, Inc. (RMSI), on behalf of Shiprock Alternative High School, Flagstaff, Arizona (Shiprock), filed a Request for Waiver of a decision by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC or Administrator).¹ The USAC decision at issue denied funding for discounted services for Funding Year 2002 of the schools and libraries universal service mechanism. For the reasons set forth below, we grant RMSI's Request for Waiver and remand Shiprock's application to USAC for appropriate action consistent with this Order.

2. Under the schools and libraries universal service support mechanism, eligible schools, libraries, and consortia that include eligible schools and libraries, may apply for discounts for eligible telecommunications, Internet access, and internal connections services.² Section 54.507(d) of the Commission's rules requires applicants to implement non-recurring services by September 30 following the close of the applicable funding year.³ Commission rules also provide that applicants whose funding commitment decision letters are issued by the Administrator on or after March 1 of the current funding year have until September 30 of the following year to complete implementation.⁴ An applicant may also request an extension of the implementation deadline for non-recurring services if its service provider is unable to complete implementation for reasons beyond the service provider's control.⁵

¹Letter from Mary Lusi, Removable Media Solutions, Inc., to Federal Communications Commission, filed May 18, 2005 (Request for Waiver).

²47 C.F.R. §§ 54.502, 54.503.

³47 C.F.R. § 54.507(d).

⁴47 C.F.R. § 54.507(d)(1); *Federal-State Joint Board on Universal Service*, Report and Order, 16 FCC Rcd 13510, 13513-15, paras. 12-14 (2001) (*Non-Recurring Services Order*).

⁵47 C.F.R. § 54.507(d)(3); *Non-Recurring Services Order*, 16 FCC Rcd at 13513, para. 12-13, 15. See also *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Order, 15 FCC Rcd 21875, 21877-78, para. 7 (Com. Car. Bur. 2000) (*November 2000 Extension Order*).

3. On December 29, 2003, USAC issued a Funding Year 2002 funding commitment decision letter to Shiprock, a school eligible for discounts at the 90 percent level, granting Funding Request Number (FRN) 780744 for internal connections to be installed by RMSI.⁶ Since the funding commitment decision letter was issued after March 1 of the funding year, implementation of the non-recurring services had to be completed by September 30, 2004.⁷ Shiprock filed an FCC Form 500, Adjustment of Funding Commitment and Modification to Receipt of Service Confirmation Form, on January 9, 2004, extending the contract expiration date with RMSI until June 30, 2005.⁸ USAC approved the request for the contract extension in February 2004, and so RMSI began on-site visits at Shiprock to prepare for installation.⁹ The on-site visits and surveys had to be scheduled around student classes in the spring and summer months.¹⁰ RMSI experienced further delays due to the unavailability of equipment and subsequent back-orders.¹¹ As a result, final commissioning, testing and acceptance of equipment did not occur until December 2004.¹²

4. On March 23, 2005, USAC denied \$466,301 in funding for the invoice for FRN 780744 because the actual service delivery date, December 13, 2004, was past the September 30, 2004 deadline for implementing non-recurring services.¹³ RMSI appealed USAC's decision and requested an invoice deadline extension, noting that the invoice it submitted in December 2004 was within the June 30, 2005 deadline extension it obtained from USAC by filing an FCC Form 500.¹⁴ USAC denied RMSI's appeal, noting that current deadline extension guidelines and procedures do not recognize extensions established by an FCC Form 500.¹⁵ RMSI then filed the instant Request for Waiver, seeking waiver of the implementation deadline for non-recurring services. In its Request for Waiver, RMSI states that it was wrongly led to believe, after talking to a USAC representative and reading the *Non-Recurring Services Order*, that delivery of services could be performed up to the June 30, 2005 deadline extension it obtained by filing an FCC Form 500.¹⁶ RMSI also notes that circumstances beyond its control led to the delays in installation of services to Shiprock.¹⁷

⁶Letter from Schools and Libraries Division, Universal Service Administrative Company, to Eugene Thomas, Shiprock Alternative High School, dated December 29, 2003 (Funding Commitment Decision Letter).

⁷See *Non-Recurring Services Order*, 16 FCC Rcd at 13513-14, para. 13-14.

⁸FCC Form 500, Shiprock Alternative High School, dated January 9, 2004 (Shiprock FCC Form 500).

⁹Request for Waiver at 2.

¹⁰*Id.*

¹¹*Id.*

¹²*Id.*; Service Certification, Removable Media Solutions, Inc., dated January 21, 2005 (Service Certification).

¹³Request for Waiver at 2; Service Certification.

¹⁴Letter from Mary Lusi, Removable Media Solutions, Inc., to Schools and Libraries Division, Universal Service Administrative Company, dated April 15, 2005.

¹⁵Letter from Schools and Libraries Division, Universal Service Administrative Company, to Patricia Sullivan, Removable Media Solutions, dated April 21, 2005 (Administrator's Decision on Invoice Deadline Extension Request).

¹⁶Request for Waiver at 2-3. RMSI states that it was not made aware of a specific delivery deadline or the need for an extension of this deadline in the funding commitment decision letter and in communications with a USAC representative. *Id.*

¹⁷*Id.* at 2.

5. Waiver is appropriate only if special circumstances warrant a deviation from the general rule and such a deviation will serve the public interest.¹⁸ We find that RMSI has demonstrated special circumstances to warrant an extension of the deadline for implementation of the non-recurring services for Shiprock. In the *Non-Recurring Services Order*, the Commission noted that external circumstances may create situations where deadlines are both impractical and unreasonable.¹⁹ The Commission has also found that applicants should not be penalized for delays that are not within their control.²⁰ In the *November 2000 Extension Order*, the Bureau noted that there may be situations beyond those described in the *Order* in which it may be consistent with the public interest to extend the deadline.²¹ In addition, the Bureau has previously granted extensions where service providers, through no fault of their own, were unable to complete installation of non-recurring services because of manufacturing delays or equipment availability.²² The Commission's rules expressly permit applicants to receive extensions of the September 30 deadline in cases where the "service provider is unable to complete implementation for reasons beyond the service provider's control."²³ In this case, RMSI was unable to complete installation by September 30, 2004 primarily because of shipment delays due to equipment availability. In addition, the record demonstrates that RMSI tried in good faith to comply with all applicable program rules, including the filing of a request to extend the deadline for delivery of services almost immediately after USAC approved the funding request.²⁴ Accordingly, we extend to September 30, 2005 the time RMSI needed to deliver and implement the non-recurring services for FRN 780744. This action should ensure that Shiprock, a school eligible to receive a 90-percent discount, will obtain the funding that USAC already approved for the installation of internal connections.

¹⁸*WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969), cert. denied, 409 U.S. 1027 (1972).

¹⁹*Non-Recurring Services Order*, 16 FCC Rcd at 13512, para. 11.

²⁰*Id.* See also *Request for Waiver of Pittsylvania County Schools, Schools and Libraries Universal Service Support Mechanism*, File No. SLD-117260, CC Docket No. 02-6, 18 FCC Rcd 22895 (Wireline Comp. Bur. 2003) (*Pittsylvania Extension Order*); *Request for Waiver of the September 30, 2000 Deadline for Implementation of Non-Recurring Services by Baldwin County Board of Education, Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Order, 16 FCC Rcd 7053 (Com. Car. Bur. 2001) (*Baldwin Extension Order*).

²¹See *November 2000 Extension Order*, 15 FCC Rcd at 21877-21878, para. 6.

²²*Pittsylvania Extension Order*, 18 FCC Rcd at 22897, para. 6 (granting installation extension because service provider was unable to complete installation due to manufacturing delays); *Baldwin Extension Order*, 16 FCC Rcd at 7055, para. 6 (granting installation extension because service provider was unable to complete installation due to delays in manufacturing and a component shortage).

²³47 C.F.R. 54.507(d)(3).

²⁴The purpose of the FCC Form 500 is to adjust funding commitments and modify the dates for receipt of services. Schools and Libraries Division, Instructions for Completing the Universal Service for Schools and Libraries Adjustment of Funding Commitment and Modification to Receipt of Service Confirmation Form (FCC Form 500), OMB 3060-0853 (April 2000) at 1.

6. ACCORDINGLY, IT IS ORDERED, pursuant to sections 1, 4(i), 4(j) and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-152 and 254, and sections 0.91, 0.291 and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291 and 1.3, that the Request for Waiver filed by Removable Media Solutions, Inc., on behalf of Shiprock Alternative High School, Flagstaff, Arizona, IS GRANTED.

FEDERAL COMMUNICATIONS COMMISSION

Narda Jones
Chief
Telecommunications Access Policy Division
Wireline Competition Bureau



Schools and Libraries Division

Mar 13, 2008

Debra Maxwell

SHIPROCK ALTERNATIVE HIGH SCH

Telephone:

(505) 368-2100 ext. 2114

Application Number

299171

Response Due Date: March 28, 2008

The Program Integrity Assurance (PIA) team is in the process of reviewing your Form 471 Application to ensure that it is compliance with the rules of the Universal Service program. We are currently in the process of reviewing your Funding Year 2002-2003 Form 471 Application Number 299171. To complete our review, we need some additional information. The information needed to complete the review is listed below.

Review of your Form 471 application #299171 raises significant questions about whether your funding request is cost effective. Your school had submitted this application with an FRN requesting \$2,037,847 for Internal Connections. Based on information before us at this time, we are unable to make a positive determination that this funding request is cost effective. However, we are affording you an opportunity to submit further information that would justify this request. A favorable determination requires that we have a full understanding of the specific services to be provided for the amount requested, and a justification that establishes that the funding request is cost effective. The information needed to complete this evaluation is as follows:

FRN 780744

1. You've requested 80 switches with over 1,500 ports. How is this cost effective for a school of 369 students? Please explain.
2. For the Local Area Network Hardware, your Item 21 documentation states that it is District Wide. Are there other entities receiving service? Block 4 of your Form 471 lists Shiprock Alternative HS. In order to receive services any other entity must be listed on your Form 471. Please indicate if there are other entities to be added.
3. For the LAN Hardware portion of your Item 21 Attachment it includes a charge of \$86,597 for Total Installation, Per Diem, Travel, Warranty, Maintenance and Programming Costs. Please provide details on how this cost was derived and costs by each component of this charge that reconciles to \$86,597, e.g. separate cost for installation, warranty, travel, maintenance, etc. Please include the origination and destination points for the supplier.
4. For the maintenance component in question 3, why would maintenance be required on new equipment especially when there is warranty as well? Please explain.
5. You have an entry of \$79,052.10 for Info Value QVOD. It has several components. Please provide the make and model for the eight Quad Device Automators and one Input/Output Selector. Please provide a description of the functionality of these devices. For the Administrative Operating Software, please provide specific details of how this software will function.

6. Your Item 21 Attachment includes a charge of \$235,930 for Installation, Warranty, Maintenance, Per Diem, Travel and Programming. Please provide details on how this cost was derived and costs by each component of this charge that reconciles to \$235,930, e.g. separate cost for installation, warranty, travel, maintenance, etc. Please include the origination and destination points for the supplier.
7. For the maintenance component in question 6, why would maintenance be required on new equipment especially when there is warranty as well? Please explain.
8. The cable and wiring portion of your Item 21 attachment includes a Trenching and Conduit charge of \$89,906. Please provide a statement of work with specific details with tasks and number of hours per task that equate to the \$89,906. Does this charge include any materials? If it does, please include make/model, quantity and separate costs of each.
9. For the Total Installation, Per Diem, Travel and Programming Costs of \$327,138, please provide details on how this cost was derived and costs by each component of this charge that reconciles to \$327,138, e.g. separate cost for total installation, per die, travel, etc. Please include the origination and destination points for the supplier.
10. Please provide a description of how you chose your service provider as a cost effective source for the services requested.
11. Please indicate any special circumstances, rationale, or justification that we should be aware of that would validate your funding as cost effective.

Please fax or email the requested information to my attention. If you have any questions, please feel free to contact me.

It is important that we receive all of the information requested **within 15 calendar days** so we can complete our review. **Failure to do so may result in a reduction or denial of funding. If you need additional time to prepare your response, please let me know as soon as possible.**

Should you wish to cancel your Form 471 application(s), or any of your individual funding requests, please clearly indicate in your response that it is your intention to cancel an application or funding request(s). Include in any cancellation request the Form 471 application number(s) and/or funding request number(s), and the complete name, title and signature of the authorized individual.

Thank you for your cooperation and continued support of the Universal Service Program.

Rich Zarate

Schools and Libraries Division

Cost Effectiveness Reviewer

Voice: (973) 581-5047

Fax: (973) 599-6513

Email: RZarate@sl.universalservice.org



Shiprock Alternative High School
Application Number 299171
Debra Maxwell
IT Director

Mar 20, 2008
Schools and Libraries Division
USAC

I'm in receipt of your letter dated March 13, 2008 that is addressed to me. First of all, I would like to clarify at this time that I am not the individual who submitted the 2002-2003 SY eRate funding. Second, I do not feel justified in answering these questions on behalf of the individual who did in fact receive the funding. Finally, with this in mind, I will do the best I can to answer your questions.

Response to FRN 780744

1. The 80 switches currently serve over 500 students split between 3 entities (933657, 933658, 107688458) allowing every classroom (60) and building (8) the 1500 port allocation. The rational for this, I can only imagine, would be to bring a 25 station portable laptop lab availability to each classroom.
2. The LAN currently in place services the 3 entities listed in number 1. Therefore, 2 entities need added.
3. The supplier, RMSI, for the named hardware originates in California. The itemized cost breakdown was as follows according to the records found:

Total installation	
Per Diem	
Travel	
Warranty	
Maintenance	
Programming	
Total	\$86,597

4. Maintenance required on equipment which is not covered under warranty include frequent updates, patches and configurations.
5. QVOD
6. Again, the origination of the vendor is California and the destination is New Mexico. Costs were derived as follows for the item 21 attachment:

Total installation	
Per Diem	
Travel	
Warranty	
Maintenance	
Programming	
Total	\$235,930

7. Maintenance required on equipment which is not covered under warranty include frequent updates, patches and configurations.
8. Trenching and conduit charges are as follows according to the records found:
- 9.

Total installation	
Per Diem	
Travel	
Warranty	
Maintenance	
Programming	

10. The service provider RMSI was chosen for cost effectiveness when comparing with other vendors for the same services.
11. The cost effectiveness of the funding over the past 5 years has attributed to the education of our native American students by allowing them the benefits of technology to be used in the classroom on a daily basis. The implementation of technology has been extensively used to benefit not only the student but also the staff. Our standardized scores are a reflection of the vast increase of technology use. The atmosphere of our campus is at a peak when it comes to technology literacy among our students and staff.



**SCHOOLS AND LIBRARIES DIVISION
CAL / DPL / RIDF
Second Delivery Attempt**

Date: **March 13, 2009**

To: **Shiprock Alternative High Sch
Kaml Glenn
P.O. Box 1809
Shiprock, NM 87420
FCC Form 471 Application #299171**

Important Notice

Enclosed you will find your ***Notification of Commitment Adjustment Letter (CAL)***. The letter was deemed 'un-deliverable' by the U.S. Postal Service and returned to the Schools and Libraries Division's (SLD) Client Operations Department. It is important to note that the date of the original ***CAL*** has been modified by SLD to accommodate the delivery delay. A new 'Letter Date' has been added to the letter which is enclosed in this mailing.

This advisory is especially Important if you are considering filing an appeal. Appeals must be filed within 60 days of the date on the ***Notification of Commitment Adjustment Letter***. Please note the new 'Letter Date'. For further information on filing appeals, see the "Appeals Procedure" in the SLD Reference Area of USAC's web site <www.sl.universalservice.org> for more information on appeal deadlines and how to file your appeal.

Sincerely,

Schools and Libraries Division

Toll-Free: (888) 203-8100

Fax Toll-Free: (888) 276-8736

Notification of Commitment Adjustment Letter

Funding Year 2002: 7/01/2002 - 6/30/2003

March 13, 2009

**Dr. Eugene Thomas
SHIPROCK ALTERNATIVE HIGH SCH
9105 East Sunbeam Drive
Flagstaff, AZ 86004 1809**

**Re: Form 471 Application Number: 299171
Funding Year: 2002
Applicant's Form Identifier: SASI-01-02
Billed Entity Number: 99258
FCC Registration Number: 0014125629
SPIN Name: REMOVABLE MEDIA SOLUTIONS, INC.
Service Provider Contact Person: PATRICIA SULLIVAN**

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were committed in violation of program rules.

In order to be sure that no funds are used in violation of program rules, the Universal Service Administrative Company (USAC) must now adjust your overall funding commitment. The purpose of this letter is to make the adjustments to your funding commitment required by program rules, and to give you an opportunity to appeal this decision. USAC has determined the applicant is responsible for all or some of the program rule violations. Therefore, the applicant is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of the Demand Payment Letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at <http://www.universalservice.org/fund-administration/tools/latest-news.aspx#083104> for more information regarding the consequences of not paying the debt in a timely manner.

TO APPEAL THIS DECISION:

If you wish to appeal the Commitment Adjustment Decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Numbers you are appealing. Your letter of appeal must include the Billed Entity Name, the Form 471 Application Number, Billed Entity Number, and FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow the SLD to more readily understand your appeal and respond appropriately. Please keep your letter specific and brief, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal.

If you are submitting your appeal electronically, please send your appeal to appeals@sl.universalservice.org using your organization's e-mail. If you are submitting your appeal on paper, please send your appeal to: Letter of Appeal, Schools and Libraries Division, Dept. 125 - Correspondence Unit, 100 South Jefferson Road, Whippany, NJ 07981. Additional options for filing an appeal can be found in the "Appeals Procedure" posted in the Appeals Area of the SLD section of the USAC web site or by contacting the Client Service Bureau at 1-888-203-8100. We strongly recommend that you use the electronic appeals options.

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site, or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

FUNDING COMMITMENT ADJUSTMENT REPORT

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from your application for which adjustments are necessary. Immediately preceding the Report, you will find a guide that defines each line of the Report.

The SLD is also sending this information to your service provider(s) for informational purposes. If USAC has determined the service provider is also responsible for any rule violation on these Funding Request Numbers, a separate letter will be sent to the service provider detailing the necessary service provider action.

Please note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Please note the Funding Commitment Adjustment Explanation in the attached Report. It explains why the funding commitment is being reduced. Please ensure that any invoices that you or your service provider submit to USAC are consistent with program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds your Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the applicant is responsible for repaying.

Schools and Libraries Division
Universal Services Administrative Company

cc: PATRICIA SULLIVAN
REMOVABLE MEDIA SOLUTIONS, INC.

A GUIDE TO THE FUNDING COMMITMENT ADJUSTMENT REPORT

A report for each E-rate funding request from your application for which a commitment adjustment is required is attached to this letter. We are providing the following definitions for the items in that report.

FUNDING REQUEST NUMBER (FRN): A Funding Request Number is assigned by the SLD to each individual request in your Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

SERVICES ORDERED: The type of service ordered from the service provider, as shown on Form 471.

SPIN (Service Provider Identification Number): A unique number assigned by the Universal Service Administrative Company to service providers seeking payment from the Universal Service Fund for participating in the universal service support mechanisms. A SPIN is also used to verify delivery of services and to arrange for payment.

SERVICE PROVIDER NAME: The legal name of the service provider.

CONTRACT NUMBER: The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on your Form 471.

BILLING ACCOUNT NUMBER: The account number that your service provider has established with you for billing purposes. This will be present only if a Billing Account Number was provided on your Form 471.

SITE IDENTIFIER: The Entity Number listed in Form 471, Block 5, Item 22a. This number will only be present for "site specific" FRNs.

ORIGINAL FUNDING COMMITMENT: This represents the original amount of funding that SLD had reserved to reimburse you for the approved discounts for this service for this funding year.

COMMITMENT ADJUSTMENT AMOUNT: This represents the amount of funding that SLD has rescinded because of program rule violations.

ADJUSTED FUNDING COMMITMENT: This represents the adjusted total amount of funding that SLD has reserved to reimburse for the approved discounts for this service for this funding year. If this amount exceeds the Funds Disbursed to Date, the SLD will continue to process properly filed invoices up to the new commitment amount.

FUNDS DISBURSED TO DATE: This represents the total funds that have been paid to the identified service provider for this FRN as of the date of this letter.

FUNDS TO BE RECOVERED FROM APPLICANT: This represents the amount of improperly disbursed funds to date as a result of rule violation(s) for which the applicant has been determined to be responsible. These improperly disbursed funds will have to be recovered from the applicant.

FUNDING COMMITMENT ADJUSTMENT EXPLANATION: This entry provides an explanation of the reason the adjustment was made.

**Funding Commitment Adjustment Report for
Form 471 Application Number: 299171**

Funding Request Number:	780744
Services Ordered:	INTERNAL CONNECTIONS
SPIN:	143017430
Service Provider Name:	REMOVABLE MEDIA SOLUTIONS, INC.
Contract Number:	n/a
Billing Account Number:	520.368.5144
Site Identifier:	99258
Original Funding Commitment:	\$1,834,062.30
Commitment Adjustment Amount:	\$1,834,062.30
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$1,689,474.26
Funds to be Recovered from Applicant:	\$1,689,474.26

Funding Commitment Adjustment Explanation:

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. During the course of a review, it was determined that the funds were erroneously committed for the funding request 780744, which was not justified as cost effective. The FCC rules require that, in selecting the service provider, the applicant must select the most cost effective service or equipment offering, with price being the primary factor, which will result in it being the most effective means of meeting educational needs and technology plan goals. Additionally, the applicants' technology plans for requested services should be based on an assessment of their reasonable needs. Applicants that request services that are beyond their reasonable needs and thus not cost effective have violated the above rules. Since FRN 780744 exceeded the applicant's reasonable needs, this funding commitment is rescinded in full and SLD will seek recovery of any disbursed funds from the applicant.

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR
CHECK TO ENSURE TIMELY PROCESSING**

Demand Payment Letter

(Funding Year 2002: July 1, 2002 - June 30, 2003)

May 13, 2009

Dr. Eugene Thomas

SHIPROCK ALTERNATIVE HIGH SCH

9105 East Sunbeam Drive

Flagstaff, AZ 86004 1809



Re: Form 471 Application Number:	299171
Funding Year:	2002
Applicant's Form Identifier:	SASI-01-02
Billed Entity Number:	99258
FCC Registration Number:	0014125629
SPIN:	143017430
Service Provider Name:	REMOVABLE MEDIA SOLUTIONS, INC.
Service Provider Contact Person:	PATRICIA SULLIVAN
Payment Due By:	6/12/2009

You were previously sent a Notification of Commitment Adjustment Letter informing you of the need to recover funds for the Funding Request Number(s) (FRNs) listed on the Funding Commitment Adjustment Report (Report) attached to the Notification of Commitment Adjustment Letter. A copy of that Report is attached to this letter.

The balance of this debt is due within 30 days from the date of this letter. Failure to pay the debt within 30 days from the date of this letter could result in interest, late payment fees, administrative charges, and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see "Red Light Frequently Asked Questions (FAQs)" posted on the FCC website at http://www.fcc.gov/debt_collection/faq.html.

If the Universal Service Administrative Company (USAC) has determined that both the applicant and the service provider are responsible for a Program rule violation, then, pursuant to the Order on Reconsideration and Fourth Report and Order (FCC 04-181), USAC will seek recovery of the improperly disbursed amount from BOTH parties and will continue to seek recovery until either or both parties have fully paid the debt. If USAC has determined that both the applicant and the service provider are responsible for a Program rule violation, this was indicated in the Funding Commitment Adjustment Explanation on the Funding Commitment Adjustment Report.

USAC is a non-profit organization that provides administrative support to the FCC. It is not a government agency and does not have the authority to enforce FCC rules. USAC is a service provider and its role is to assist the FCC in its regulatory functions.

If USAC is attempting to collect all or part of the debt from both the applicant and the service provider, then you should work with your service provider to determine who will be repaying the debt to avoid duplicate payment. Please note, however, that the debt is the responsibility of both the applicant and service provider. Therefore, you are responsible for ensuring that the debt is paid in a timely manner.

Please remit payment for the full "Funds to be Recovered from Applicant" amount shown in the Report. To ensure that your payment is properly credited, please include a copy of the Report with your check. Make your check payable to the Universal Service Administrative Company (USAC).

If sending payment by U. S. Postal Service or major courier service (e.g. Airborne, Federal Express, and UPS) please send check payments to:

Universal Service Administrative Company
1259 Paysphere Circle
Chicago, IL 60674
Phone: 877-994-7272

If you are located in the Chicago area and use a local messenger rather than a major courier service, please address and deliver the package to:

Universal Service Administrative Company
Lockbox 1259
540 West Madison 4th Floor
Chicago, IL 60661
Phone: 877-994-7272

Local messenger service should deliver to the Lockbox Receiving Window at the above address.

Payment is due within 30 days from the date of this letter.

Complete Program information is posted to the SLD section of the USAC website at www.usac.org/sl/. You may also contact the SLD Client Service Bureau by email using the "Submit a Question" link on the SLD website, by fax at 1-888-276-8736 or by phone at 1-888-203-8100.

Universal Service Administrative Company
Schools and Libraries Division

cc: *PATRICIA SULLIVAN*
REMOVABLE MEDIA SOLUTIONS, INC.

Funding Commitment Adjustment Report
Form 471 Application Number: 299171

Funding Request Number: 780744
Services Ordered: INTERNAL CONNECTIONS
SPIN: 143017430
Service Provider Name: REMOVABLE MEDIA SOLUTIONS, INC.
Contract Number: n/a
Billing Account Number: 520.368.5144
Site Identifier: 99258
Original Funding Commitment: \$1,834,062.30
Commitment Adjustment Amount: \$1,834,062.30
Adjusted Funding Commitment: \$0.00
Funds Disbursed to Date: \$1,689,474.26
Funds to be Recovered from Applicant: \$1,689,474.26

Funding Commitment Adjustment Explanation:

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. During the course of a review, it was determined that the funds were erroneously committed for the funding request 780744, which was not justified as cost effective. The FCC rules require that, in selecting the service provider, the applicant must select the most cost effective service or equipment offering, with price being the primary factor, which will result in it being the most effective means of meeting educational needs and technology plan goals. Additionally, the applicants' technology plans for requested services should be based on an assessment of their reasonable needs. Applicants that request services that are beyond their reasonable needs and thus not cost effective have violated the above rules. Since FRN 780744 exceeded the applicant's reasonable needs, this funding commitment is rescinded in full and SLD will seek recovery of any disbursed funds from the applicant.

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CHECK TO ENSURE TIMELY PROCESSING

Kami Glenn
SHIPROCK ALTERNATIVE HIGH SCH
PO BOX 1809
SHIPROCK, NM 87420

Demand Payment Letter**SECOND REQUEST**

(Funding Year 2002: July 1, 2002 - June 30, 2003)

June 15, 2009**Dr. Eugene Thomas****SHIPROCK ALTERNATIVE HIGH SCH****9105 East Sunbeam Drive****Flagstaff, AZ 86004 1809****- PAST DUE NOTICE -****THIS NOTICE PROVIDES IMPORTANT INFORMATION ABOUT YOUR
ACCOUNT AND YOUR RIGHTS AND OBLIGATIONS UNDER LAW**

Re Form 471 Application Number: 299171
Funding Year: 2002
Applicant's Form Identifier: SASI-01-02
Billed Entity Number: 99258
FCC Registration Number: 0014125629
SPIN: 143017430
Service Provider Name: REMOVABLE MEDIA SOLUTIONS, INC.
Service Provider Contact Person: PATRICIA SULLIVAN
Payment Due By: 6/15/2009

You were recently sent a Demand Payment Letter informing you of the need to recover funds for the Funding Request Number(s) (FRNs) listed on the Funding Commitment Adjustment Report (Report) attached to this letter. Our records indicate that you have not responded to the Demand Payment Letter.

As of 06/15/2009, the debt is past due and delinquent.

**THE FOLLOWING PROVISIONS CONTAIN IMPORTANT INFORMATION AND A DESCRIPTION OF LEGAL
RIGHTS, OBLIGATIONS, AND OPPORTUNITIES**

1. Debtor is cautioned that failure to make the demanded payment or make other satisfactory arrangements will result in further sanctions, including, but not limited to, the initiation of proceedings to recover the outstanding debt, together with any applicable administrative charges, penalties, and interest pursuant to the provisions of the Debt Collection Act of 1982 (Public Law 97-365) and the Debt Collection Improvement Act of 1996 (Public Law 104-134), as amended (the DCIA), as set forth below.
2. If we do not receive full payment of the outstanding debt within 30 days of the date of this letter (Demand Date), pursuant to the DCIA, you may incur additional charges and costs, and the debt may be transferred to the Federal Communications Commission (Commission or FCC) and/or the United States Department of Treasury (Treasury) for debt collection. The FCC has determined that the funds are owed to the United States pursuant to the provisions of 31 U.S.C. § 3701 and 47 U.S.C. § 254. Because the unpaid amount is a debt owed to the United States, we are required by the DCIA to impose interest and to inform you what may happen

if you do not pay the full outstanding debt. Under the DCIA, the United States will charge interest from the date of this notice, you will be required to pay the administrative costs of processing and handling a delinquent debt as set by the Treasury (currently 18% of the debt), and you will be charged an additional penalty of 6% a year for any part of the debt that is more than 90 days past due. Interest on the outstanding debt (DCIA Interest) will be assessed at the published investment rate for the Treasury tax and loan accounts (Treasury Current Value of Funds Rate). If, however, you pay the full amount of the outstanding debt within 30 days of the Demand Date, the DCIA Interest will be waived. These requirements are set out at 31 U.S.C. § 3717.

3. When we transfer the debt (to the Commission or later to the Treasury), you may be subject to other administrative proceedings. Your failure to pay the debt may be reported to credit bureaus (see 31 U.S.C. § 3711(e)), the debt will be considered for administrative offset (see 31 U.S.C. § 3716), the debt may be further transferred to collection agencies (see 31 U.S.C. §§ 3711 & 3718), and also the debt may be referred to the United States Department of Justice or agency counsel for litigation. In that situation, you may be subject to additional administrative costs that result from the litigation. Moreover, pursuant to 31 U.S.C. §3720 (B), a person owing an outstanding non-tax debt that is in delinquent status shall not be eligible for Federal financial assistance. You should be aware that the discharge of any portion of the debt may be reported to the Internal Revenue Service as potential taxable income.

Opportunity of Inspection and Review

4. You have an opportunity to inspect and copy the invoices and the records pertinent to the debt. The Notification of Commitment Adjustment Letter constituted notice of your opportunity to appeal the validity of the debt.

Opportunity to Request Repayment Agreement

5. You have an opportunity to request a written repayment agreement (which includes a Promissory Note) to pay the full amount of the debt. In that case, however, you must first provide evidence that demonstrates financial inability to pay the debt in one payment. Your claim of financial inability to pay in one payment is subject to verification (see 31 C.F.R. § 901.8). If your request is approved for further processing, you will be required to execute a written agreement suitable to the Commission. You should be aware that repayment agreements regularly impose a number of obligations on the debtor, including additional administrative charges, audit obligations, and surety bond requirements. For more information on the obligations associated with repayment agreements, see "USAC Repayment Request Procedure"

<http://www.usac.org/fund-administration/contributors/paying-your-invoice/payment-extension-plans.aspx>.

If you desire to exercise any of the above described rights, you must do so in writing which must be delivered to and received at the address below within 30 (thirty) days of the Demand Date. Any required evidence must be submitted at the same time that you submit your request. Failure to provide the written request (and, as appropriate, the required evidence) within the stated time is a waiver of these opportunities.

You may notify us in writing by mail or facsimile transmission at the following address and telephone number:

Schools and Libraries Division - Program Compliance II,
Dept. 125 - Correspondence Unit,
100 South Jefferson Road,
Whippany, NJ 07981
Phone Number: 973-581-5395
Fax Number: 973-599-6582

If USAC has determined that both the applicant and the service provider are responsible for a program rule violation, then, pursuant to the Order on Reconsideration and Fourth Report and Order (FCC 04-181) (Fourth Report and Order), USAC will seek recovery of the improperly disbursed amount from BOTH parties and will continue to seek recovery until either or both parties have fully paid the debt. If USAC has determined that both the applicant and the service provider are responsible for a program rule violation, this will be indicated in the Funding Commitment Adjustment Explanation on the Funding Commitment Adjustment Report.

If USAC is attempting to collect all or part of the debt from both the applicant and the service provider, then you should work with your service provider to determine who will be repaying the debt to avoid duplicate payment. Please note, however, that the debt is the responsibility of both the applicant and service provider. Therefore, you are responsible for ensuring that the debt is paid in a timely manner.

Please remit payment for the full Funds to be Recovered from Applicant amount shown in the Report. To ensure that your payment is properly credited, please include a copy of the Report with your check. Make your check payable to the Universal Service Administrative Company (USAC).

If sending payment by U. S. Postal Service or major courier service (e.g. Airborne, Federal Express, and UPS) please send check payments to:

Universal Service Administrative Company
1259 Paysphere Circle
Chicago, IL 60674
Phone: 1-877-994-7272

If you are located in the Chicago area and use a local messenger rather than a major courier service, please address and deliver the package to:

Universal Service Administrative Company
Lockbox 1259
540 West Madison 4th Floor
Chicago, IL 60661
Phone: 1-877-994-7272

Local messenger service should deliver to the Lockbox Receiving Window at the above address.

PAYMENT MUST BE RETURNED IMMEDIATELY.

Complete program information is posted to the SLD section of the USAC web site at www.usac.org/sl/. You may also contact the SLD Technical Client Service Bureau by e-mail using the "Submit a Question" link on the SLD web site, by fax at 1-888-276-8736 or by phone at 1-888-203-8100.

Universal Service Administrative Company
Schools and Libraries Division

cc: PATRICIA SULLIVAN
REMOVABLE MEDIA SOLUTIONS, INC.

**Funding Commitment Adjustment Report
for Form 471 Application Number: 299171**

Funding Request Number: 780744
Services Ordered: INTERNAL CONNECTIONS
SPIN: 143017430
Service Provider Name: REMOVABLE MEDIA SOLUTIONS, INC.
Contract Number: n/a
Billing Account Number: 520.368.5144
Site Identifier: 99258
Original Funding Commitment: \$1,834,062.30
Commitment Adjustment Amount: \$1,834,062.30
Adjusted Funding Commitment: \$0.00
Funds Disbursed to Date: \$1,689,474.26
Funds to be Recovered from Applicant: ¹\$1,689,474.26

Funding Commitment Adjustment Explanation:

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. During the course of a review, it was determined that the funds were erroneously committed for the funding request 780744, which was not justified as cost effective. The FCC rules require that, in selecting the service provider, the applicant must select the most cost effective service or equipment offering, with price being the primary factor, which will result in it being the most effective means of meeting educational needs and technology plan goals. Additionally, the applicants' technology plans for requested services should be based on an assessment of their reasonable needs. Applicants that request services that are beyond their reasonable needs and thus not cost effective have violated the above rules. Since FRN 780744 exceeded the applicant's reasonable needs, this funding commitment is rescinded in full and SLD will seek recovery of any disbursed funds from the applicant.

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¹ Please note that if the Funds to be Recovered from the Applicant is less than what was reported on the Notification of Commitment Adjustment Letter or the 1st Demand Payment Letter, it's because you have partially repaid the debt or because the service provider has partially repaid the debt.



Notice of Withholding of Action

June 15, 2009

Kami Glenn
SHIPROCK ALTERNATIVE HIGH SCHOOL
1419 PINON STREET
SHIPROCK, NM 1002157

Re: Notification of Withholding of Action Pending Red Light Rule

Application Number: 691298
Billed Entity: 99258
Fund Year: 2009

The Schools and Libraries Division received your request, cited above, for a funding for the Schools and Libraries Universal Service Support Mechanism (E-Rate) holding FCC Registration Number 0014125629.

As required by 47 C.F.R. § 1.1910(a)(1), we have reviewed our records and determined that as of 06/15/2009, you or an entity sharing the same Taxpayer Identification Number (TIN) is delinquent on the payment of a debt owed to the Universal Service Administrative Company (USAC):

SHIPROCK ALTERNATIVE HIGH SCHOOL 0014125629

Pursuant to 47 CFR § 1.1910(b) no further disbursements will be made until the complete debt owed to USAC and the FCC is satisfied and/or arrangements have been made to pay the delinquent debt. If no payment is made within 30 days of the date of this letter, any pending applications and requests for benefits may be dismissed. This means that any funding requests filed on the Form(s) 471 listed above will be denied.

Please be advised that any additional applications or requests for benefits from the FCC or its reporting components, including but not limited to support from the Universal Service Fund, payments from the Telecommunications Relay Services Fund, or the issuance of telephone numbers from the North American Numbering Plan Administrator, will be reviewed to determine if any delinquent debts are outstanding.

If you have any questions regarding the debt owed to USAC, please contact us at:

Address: USAC Billing Collections & Disbursement
Attention: Red Light Inquiries
2000 L Street, N.W., Suite 200
Washington, DC 20036

Telephone: (888) 641-8722

Facsimile: (888) 637-6226

E-mail: customerservice@bcd.universalservice.org

Sincerely,

Schools and Libraries Division
Universal Service Administrative Company

cc: EQ CONSULTING